

## Part 3

### Financial Administration

#### Introduction

The Financial Administration portfolio is responsible for assisting the development of the Government's fiscal strategy, with the principal goal of sustainable finances through responsible financial management. It provides financial and economic advice, assesses value for money in service delivery and ensures transparency in public sector finances and performance by reporting to the Government, Parliament and the public.

The portfolio is contributing to the achievement of the following Our Priorities and associated targets:

- A Strong Economy
  - creating jobs; and
  - repairing the State's Finances.

#### Summary of Recurrent and Asset Investment Expenditure

Agency	2018-19 Estimated Actual \$'000	2019-20 Budget Estimate \$'000
Treasury		
– Total Cost of Services .....	74,327	89,455
– Asset Investment Program .....	800	400
Western Australian Treasury Corporation		
– Asset Investment Program .....	1,895	1,826
Office of the Auditor General		
– Total Cost of Services .....	29,561	34,779
– Asset Investment Program .....	540	623
Finance		
– Total Cost of Services .....	1,380,463	1,270,972
– Asset Investment Program .....	121,820	138,504
Insurance Commission of Western Australia		
– Asset Investment Program .....	4,825	5,460
Gold Corporation		
– Asset Investment Program .....	27,242	18,977

## Ministerial Responsibilities

Minister	Agency	Services
Treasurer; Minister for Finance; Aboriginal Affairs; Lands	Treasury	<ol style="list-style-type: none"> <li>1. Financial Management and Reporting</li> <li>2. Economic and Revenue Forecasts and Policy Development</li> <li>3. Evaluation and Planning of Government Services Delivery and Infrastructure Provision</li> </ol>
Minister for Mines and Petroleum; Energy; Industrial Relations	Treasury	<ol style="list-style-type: none"> <li>4. Development and Implementation of Energy Policy</li> </ol>
Treasurer; Minister for Finance; Aboriginal Affairs; Lands	Western Australian Treasury Corporation	n/a
	Office of the Auditor General	<ol style="list-style-type: none"> <li>1. Public Sector Auditing</li> </ol>
	Finance	<ol style="list-style-type: none"> <li>1. Revenue Assessment and Collection, and Grants and Subsidies Administration</li> <li>2. Development and Management of Common Use Contract Arrangements, State Fleet Leasing and Disposal, and Providing Facilitation Services for Agency Specific Contracts</li> <li>3. Corporate Services to Client Agencies</li> <li>4. Leads the Management of Government Buildings Including Planning, Project Delivery, and Maintenance thereof</li> </ol>
	Insurance Commission of Western Australia	n/a
Premier; Minister for Public Sector Management; State Development, Jobs and Trade; Federal-State Relations	Gold Corporation	n/a

## Division 12 Treasury

### Part 3 Financial Administration

#### Appropriations, Expenses and Cash Assets

	2017-18	2018-19	2018-19	2019-20	2020-21	2021-22	2022-23
	Actual	Budget	Estimated	Budget	Forward	Forward	Forward
	\$'000	\$'000	Actual	Estimate	Estimate	Estimate	Estimate
			\$'000	\$'000	\$'000	\$'000	\$'000
<b>DELIVERY OF SERVICES</b>							
Item 14 Net amount appropriated to deliver services.....	54,475	61,124	64,364	<b>79,567</b>	61,597	58,801	56,725
<b>Amount Authorised by Other Statutes</b>							
- Salaries and Allowances Act 1975.....	1,382	1,382	1,382	<b>1,382</b>	1,382	1,389	1,397
Total appropriations provided to deliver services .....	55,857	62,506	65,746	<b>80,949</b>	62,979	60,190	58,122
<b>ADMINISTERED TRANSACTIONS</b>							
<i>Operating Subsidy Payments</i>							
Item 15 Bunbury Water Corporation.....	703	692	738	<b>708</b>	722	737	752
Item 16 Busselton Water Corporation .....	527	671	649	<b>566</b>	572	574	584
Item 17 Electricity Generation and Retail Corporation (Synergy).....	243,091	113,901	113,901	<b>129,942</b>	108,506	94,854	96,677
Item 18 Forest Products Commission .....	833	1,667	1,667	<b>200</b>	-	-	-
Item 19 Public Transport Authority of Western Australia .....	812,143	834,456	829,627	<b>872,019</b>	899,383	854,898	869,682
Item 20 Regional Power Corporation (Horizon Power) .....	18,989	9,730	11,030	<b>18,862</b>	15,065	15,333	16,001
Item 21 Southern Ports Authority .....	238	295	15,725	<b>27,789</b>	30,199	17,880	9,800
Item 22 Water Corporation.....	408,928	464,299	420,052	<b>261,324</b>	177,161	182,616	188,713
Item 23 Western Australian Land Authority ...	47,515	27,668	52,528	<b>79,114</b>	35,496	40,051	25,649
Mid West Ports Authority.....	4,994	2,442	2,442	-	-	-	-
<i>Grants, Subsidies and Transfer Payments</i>							
Item 24 Goods and Services Tax (GST) Administration Costs .....	65,974	62,800	62,000	<b>66,600</b>	62,500	62,300	62,000
Item 25 Health and Disability Services Complaints Office .....	2,871	2,651	2,651	<b>2,546</b>	2,560	2,608	2,636
Item 26 Jobs, Tourism, Science and Innovation <sup>(a)</sup> .....	-	-	-	<b>5,710</b>	4,110	4,104	1,200
Item 27 Metropolitan Redevelopment Authority.....	45,009	10,351	43,431	<b>20,925</b>	16,931	16,019	15,927
Item 28 Minerals Research Institute <sup>(b)</sup> .....	-	1,000	1,000	<b>1,500</b>	1,500	1,500	-
Item 29 Provision for Unfunded Liabilities in the Government Insurance Fund .....	2,971	1,870	4,370	<b>5,000</b>	2,673	2,705	2,077
Item 30 Provision for Voluntary Targeted Separation Scheme <sup>(c)</sup> .....	-	55,820	5,820	<b>15,520</b>	11,640	5,820	-
Item 31 Refund of Past Years Revenue Collections - Public Corporations .....	5,319	10,000	10,000	<b>10,000</b>	10,000	10,000	10,000
Item 32 Resolution of Native Title in the South West of Western Australia (Settlement) <sup>(d)</sup> .....	-	60,000	-	<b>60,000</b>	87,597	77,597	75,744
Item 33 Royalties for Regions <sup>(e)</sup> .....	473,409	574,807	429,321	<b>795,656</b>	832,196	858,566	849,903
Item 34 Gaming and Wagering Commission <sup>(f)</sup> .....	-	-	-	<b>5,200</b>	3,800	3,900	4,000
Item 35 State Property - Emergency Services Levy.....	17,539	19,187	19,187	<b>19,663</b>	19,717	19,594	19,594
Item 36 WA Health <sup>(g)</sup> .....	-	-	-	<b>900</b>	14,638	22,197	27,424
Item 37 Western Australia Police Force <sup>(h)</sup> ...	-	-	-	<b>3,634</b>	7,415	4,382	-

	2017-18	2018-19	2018-19	2019-20	2020-21	2021-22	2022-23
	Actual	Budget	Estimated	Budget	Forward	Forward	Forward
	\$'000	\$'000	Actual	Estimate	Estimate	Estimate	Estimate
			\$'000	\$'000	\$'000	\$'000	\$'000
<b>Item 38 All Other Grants, Subsidies and</b>							
Transfer Payments <sup>(i)</sup> .....	16,943	6,552	6,632	<b>6,632</b>	7,087	22,492	37,492
<i>Comprising:</i>							
Acts of Grace .....	-	300	300	<b>300</b>	300	300	300
Incidentals .....	-	240	163	<b>240</b>	240	240	240
Interest on Public Moneys Held in							
Participating Trust Fund Accounts .....	4,293	5,060	5,260	<b>5,260</b>	5,715	21,120	36,120
Administration Costs - National Tax							
Equivalent Regime Scheme .....	34	100	100	<b>100</b>	100	100	100
Energy Disputes Arbitrator .....	-	-	77	-	-	-	-
Town of Cambridge .....	11,750	-	-	-	-	-	-
Western Australian Treasury							
Corporation Management Fees .....	866	852	732	<b>732</b>	732	732	732
Bell Group Administration Wind-up and							
Associated Costs <sup>(j)</sup> .....	334	-	-	-	-	-	-
Department of Justice <sup>(k)</sup> .....	113	-	-	-	-	-	-
National Redress Scheme and Civil							
Litigation for Survivors of Institutional							
Child Sexual Abuse Account <sup>(l)</sup> .....	-	-	153,039	-	-	-	-
<i>Authorised by Other Statutes</i>							
Judges' Salaries and Pensions Act 1950 .....	14,865	17,352	16,867	<b>17,889</b>	18,900	20,552	22,291
<i>Comprising:</i>							
Benefit Payments .....	14,686	17,124	16,646	<b>17,669</b>	18,674	20,320	22,052
Administration Expenses .....	179	228	221	<b>220</b>	226	232	239
Parliamentary Superannuation Act 1970 .....	9,844	10,199	9,336	<b>9,465</b>	11,405	10,098	10,344
<i>Comprising:</i>							
Benefit Payments .....	9,600	9,931	9,077	<b>9,206</b>	11,140	9,826	10,064
Administration Expenses <sup>(m)</sup> .....	244	268	259	<b>259</b>	265	272	280
State Superannuation Act 2000 .....	616,224	615,746	631,595	<b>602,111</b>	589,110	515,875	511,327
<i>Comprising:</i>							
Pension Scheme .....	181,779	177,255	175,757	<b>167,295</b>	158,611	150,597	142,329
<i>Comprising:</i>							
Benefit Payments .....	180,234	175,608	173,926	<b>165,479</b>	157,094	149,156	140,954
Administration Expenses <sup>(m)</sup> .....	1,545	1,647	1,831	<b>1,816</b>	1,517	1,441	1,375
Gold State Super .....	375,328	379,591	396,968	<b>376,196</b>	372,147	365,278	368,998
<i>Comprising:</i>							
Benefit Payments .....	370,254	374,234	392,227	<b>371,084</b>	367,032	360,303	364,138
Administration Expenses <sup>(m)</sup> .....	4,723	4,933	4,466	<b>4,682</b>	4,675	4,523	4,396
Government Services <sup>(n)</sup> .....	351	424	275	<b>430</b>	440	452	464
West State Super .....	59,117	58,900	58,870	<b>58,620</b>	58,352	-	-
Western Australian Health Promotion							
Foundation Act 2016 .....	23,614	24,204	24,204	<b>23,064</b>	23,421	23,949	24,497
Betting Tax Act 2018 .....	-	-	9,300	<b>23,520</b>	24,810	26,220	27,660
Unclaimed Money Act 1990 .....	1,330	1,331	1,831	<b>2,000</b>	2,000	2,000	2,000
Loan Acts - Interest .....	742,584	837,000	802,000	<b>770,000</b>	791,000	812,000	833,000
<b>TOTAL RECURRENT ADMINISTERED .....</b>	<b>3,576,904</b>	<b>3,766,691</b>	<b>3,680,943</b>	<b>3,858,059</b>	<b>3,812,114</b>	<b>3,731,421</b>	<b>3,746,974</b>
<b>CAPITAL</b>							
Item 101 Capital Appropriation <sup>(o)</sup> .....	10	-	-	<b>329</b>	493	668	856
<i>Government Equity Contributions</i>							
Item 102 Animal Resources Authority .....	750	800	2,099	<b>800</b>	-	-	-
Item 103 Department of Biodiversity,							
Conservation and Attractions <sup>(p)</sup> .....	-	-	-	<b>1,800</b>	4,900	6,950	2,500
Item 104 Department of Education <sup>(q)</sup> .....	-	38,400	26,900	<b>22,000</b>	10,000	8,800	29,700
Item 105 Department of Finance <sup>(r)</sup> .....	200	5,200	200	<b>5,000</b>	-	-	-
Item 106 Department of Justice <sup>(s)</sup> .....	3,086	52,119	46,523	<b>65,030</b>	55,845	104,800	14,600
Item 107 Department of Transport <sup>(t)</sup> .....	-	200	-	<b>20,220</b>	1,940	-	-
Item 108 Electricity Networks Corporation							
(Western Power) .....	168,583	109,235	110,673	<b>100,525</b>	95,451	99,037	102,792
Item 109 Health and Disability Services							
Complaints Office <sup>(u)</sup> .....	-	-	-	<b>278</b>	183	189	196
Item 110 Kimberley Ports Authority .....	375	2,500	2,500	<b>5,900</b>	-	-	-
Item 111 Land Information Authority <sup>(v)</sup> .....	-	-	-	<b>7,490</b>	-	-	-
Item 112 Metropolitan Redevelopment							
Authority .....	-	100,224	167,690	<b>59,293</b>	22,760	22,760	12,180
Item 113 Pilbara Ports Authority .....	60,735	34,650	23,913	<b>51,412</b>	1,337	-	-
Item 114 Racing and Wagering							
Western Australia <sup>(w)</sup> .....	-	-	-	<b>148</b>	-	-	-

	2017-18	2018-19	2018-19	2019-20	2020-21	2021-22	2022-23
	Actual	Budget	Estimated	Budget	Forward	Forward	Forward
	\$'000	\$'000	Actual	Estimate	Estimate	Estimate	Estimate
			\$'000	\$'000	\$'000	\$'000	\$'000
<b>Item 115 Regional Power Corporation (Horizon Power) .....</b>	32,918	1,118	1,118	<b>18,168</b>	-	-	-
<b>Item 116 Royalties for Regions <sup>(e)</sup> .....</b>	357,589	360,011	222,315	<b>267,458</b>	235,610	156,505	71,334
<b>Item 117 Southern Ports Authority .....</b>	1,155	2,489	2,489	<b>1,624</b>	640	-	-
<b>Item 118 WA Health <sup>(x)</sup> .....</b>	2,631	54,904	17,127	<b>54,872</b>	121,532	74,167	25,243
<b>Forest Products Commission .....</b>	1,300	-	-	-	-	-	-
<b>Department of Local Government, Sport and Cultural Industries <sup>(y)</sup> .....</b>	-	6,500	-	-	-	-	-
<b>Provision for the Metropolitan Redevelopment Authority <sup>(z)</sup> .....</b>	-	62,776	-	-	-	-	-
<b>Western Australian Land Authority .....</b>	192	44,355	4,355	-	26,560	82,893	-
<i>Other</i>							
<b>Debt Reduction Account.....</b>	-	-	-	-	1,824,200	1,900,100	-
<b>Perth Stadium Account.....</b>	127,920	739	739	-	-	-	-
<i>Authorised by Other Statutes</i>							
<b>Loans (Co-operative Companies) Act 2004 .....</b>	10,400	-	9,300	-	-	-	-
<b>Loan Acts - Repayment of Borrowings .....</b>	97,722	355,180	436,732	<b>1,327,361</b>	47,539	22,807	13,927
<b>Western Australian Future Fund .....</b>	52,100	50,600	50,600	<b>63,700</b>	57,100	55,300	55,000
<b>TOTAL CAPITAL ADMINISTERED.....</b>	<b>917,656</b>	<b>1,282,000</b>	<b>1,125,273</b>	<b>2,073,079</b>	<b>2,505,597</b>	<b>2,534,308</b>	<b>327,472</b>
<b>GRAND TOTAL .....</b>	<b>4,550,427</b>	<b>5,111,197</b>	<b>4,871,962</b>	<b>6,012,416</b>	<b>6,381,183</b>	<b>6,326,587</b>	<b>4,133,424</b>
<b>EXPENSES</b>							
Total Cost of Services .....	59,220	71,739	74,327	<b>89,455</b>	70,493	67,706	65,638
Net Cost of Services <sup>(aa)</sup> .....	58,953	69,815	73,055	<b>88,149</b>	70,180	67,391	65,323
<b>CASH ASSETS <sup>(ab)</sup> .....</b>	<b>15,216</b>	<b>8,370</b>	<b>12,519</b>	<b>12,938</b>	<b>13,357</b>	<b>13,776</b>	<b>14,195</b>

- (a) Provision for the National Collaborative Research Infrastructure Strategy (\$4.6 million) and Future Energy Exports Cooperative Research Centre (\$1.1 million), pending the finalisation of agreements between the respective parties.
- (b) Reflects funding to be applied to the Minerals Research Institute of Western Australia to support the Commonwealth's Future Battery Industry Cooperative Research Centre headquarters to be located in Perth. Funding will be released once the agreement is finalised following the State succeeding in its bid.
- (c) The Voluntary Targeted Separation Scheme closed for most agencies at 30 June 2018. This 2017-18 Budget repair measure is on track to achieve the 3,000 separations originally expected for the Scheme, with 2,311 separations finalised by 30 June 2018, and a further 245 separations in 2018-19 from targeted programs in the Western Australia Police Force (163) and the Department of Education (82 separations). Separation costs for a forecast 390 separations in the disabilities sector are provisioned in this item with actual drawdown on this funding dependent on the timing of the transition to the Commonwealth-run National Disability Insurance Scheme over the forward estimates period.
- (d) Funding held as a provision until the finalisation of the settlement, which is expected in early 2019-20. Funding will then be transferred to relevant parties to execute the agreement.
- (e) Appropriations to the Royalties for Regions Special Purpose Account are split between payments for recurrent and capital purposes (based on project information). Further detail on the Royalties for Regions program is available in Budget Paper No. 3: Economic and Fiscal Outlook.
- (f) Funding provided to the Sports Wagering Account at the Gaming and Wagering Commission of Western Australia associated with the introduction of the Point of Consumption Tax. The funding is indexed annually by the Perth Consumer Price Index, and will be ongoing in the years beyond 2022-23 and provided for in future budgets.
- (g) Includes provision for \$52 million to support the establishment of the Future Health Research and Innovation Fund. Also includes funding to be applied to the Enterprise Medical Imaging Platform (PACS-RIS) replacement project, which will be released upon finalisation of the tender process.
- (h) Reflects funding to be applied by the Western Australia Police Force for the purchase of personal issue body armour for police officers. The Western Australia Police Force will seek Government approval to release the funds following an evaluation of body armour units currently underway.
- (i) All other items include all Administered Grants, Subsidies and Transfers not covered elsewhere by individual Acts.
- (j) Funding provided to wind up the operations of the Western Australian Bell Companies Administrator Authority and meet outstanding Bell Group litigation-related costs.
- (k) Reflects the Department of Justice's Custodial Infrastructure Program expenses item.
- (l) Amount reflects the initial allocation to the National Redress Scheme and Civil Litigation for Survivors of Institutional Child Sexual Abuse Account, to meet the cost of payments associated with the State's participation in the National Redress Scheme and for civil litigation claims by victims of historical child sexual abuse, over four years to 2021-22.
- (m) Superannuation scheme administration expense reflects the costs of administering an unfunded defined benefit superannuation/pension scheme by an appropriation from the Consolidated Account.
- (n) Reflects the costs for regulatory support of State superannuation schemes where GESB or Treasury incurs these costs on behalf of the general government sector.
- (o) Additional capital appropriation is provided to fund lease repayments and is not reflected in the Asset Investment Program table.
- (p) Funding for the Rottnest Island Authority's proposed jetty upgrades. Funding will be released following Government approval of a business case.
- (q) Reflects funding to be applied to the Department of Education's Asset Investment Program for the expansion and redevelopment of John Forrest Secondary College following the Government's approval of a project definition plan. The provision also includes funds for the acquisition of land for future secondary schooling following valuation advice by the Valuer-General.

- (r) Provision of \$5 million allocated for the procurement of an asset management information system to help manage the delivery of government office accommodation reforms. The provision will be released to the Department of Finance upon Government approval of a supporting business case.
- (s) Funding to be applied to the Department of Justice's Asset Investment Program for the Custodial Infrastructure Program and the construction of Casuarina Prison Expansion Stage 1 (512 beds) and Stage 2 (344 beds), following the Government's approval of the tender outcomes.
- (t) Reflects funding to be applied to the development of the business information systems required to regulate the On-demand Transport industry and a \$15 million provision for the future operational costs of managing the Port Hedland Marina.
- (u) Provision of \$100,000 in 2019-20 for the procurement of a case management system to deliver the requirements of the National Code of Conduct for Health Care Workers. The remaining amounts reflect funding associated with AASB 16: *Leases* over 2019-20 to 2022-23.
- (v) Capital funding held as a provision until draft Works Orders are developed and provided to the Department of Treasury.
- (w) To reimburse stamp duty costs associated with the transfer of the Mandurah racetrack from the Western Australian Greyhound Racing Association to Racing and Wagering Western Australia.
- (x) Reflects funding applied to major health initiatives as part of WA Health's Asset Investment Program. WA Health is required to submit business cases or project definition plans for Government approval to access these funds.
- (y) Reflects funding applied to the Department of Local Government, Sport and Cultural Industries for upgrades to the orchestra pit and front of house at His Majesty's Theatre.
- (z) A provision was included in the 2018-19 Budget for an equity injection which could be drawn down by the Metropolitan Redevelopment Authority upon Government approval of project specific exit strategies and savings plans for various areas of its operations. The provision was fully drawn down in 2018-19 to extinguish non-commercial debt and is included in Item 112 as part of the 2018-19 Estimated Actual of \$167.7 million.
- (aa) Represents Total Cost of Services (expenses) less retained revenues applied to the agency's services. Reconciliation to the 'Total appropriations provided to deliver services' includes adjustments related to movements in cash balances and other accrual items such as resources received free of charge, receivables, payables and superannuation.
- (ab) As at 30 June each financial year.

## Spending Changes

Recurrent spending changes, other than cashflow timing changes and non-discretionary accounting adjustments, impacting on the agency's Income Statement since presentation of the 2018-19 Budget to Parliament on 10 May 2018, are outlined below:

	2018-19 Estimated Actual \$'000	2019-20 Budget Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000
<b>New Initiatives</b>					
Energy Transformation Strategy.....	-	2,628	2,723	1,391	-
Improving Energy Consumer Advocacy .....	-	300	300	300	-
Streamline WA .....	-	428	432	435	439
<b>Ongoing Initiatives</b>					
Government Trading Enterprise (GTE) Governance and Oversight.....	-	358	642	645	649
Partial Commercialisation of the Western Australian Land Information Authority (Landgate) .....	6,728	4,268	-	-	-
Sale of the Western Australian TAB .....	1,750	6,900	-	-	-
<b>Other</b>					
Australian Energy Market Operator Deed of Indemnity .....	-	1,060	-	-	-
Increased Contributions to the Australian Energy Market Commission (AEMC)....	-	1,120	1,140	1,170	1,200
Indexation for Non-Salary Expenses .....	-	-	-	-	135

## Significant Issues Impacting the Agency

### Economic Outlook

- The short-term economic outlook - globally, nationally and at the State level - has deteriorated since the 2018-19 Mid-year Review. The International Monetary Fund (IMF) has recently downgraded its global growth forecast from 3.7% to 3.3% in 2019, mostly due to a slowdown in advanced economies. While the IMF expects global growth to lift in 2020 (to 3.6%), it considers that the balance of risks remains on the downside, with the possibility of an escalation of trade tensions, a no-deal Brexit, and/or a rapid reassessment of US monetary policy potentially causing a sharp deterioration in market sentiment.
- At the same time, the national and State economies have been impacted by a tightening in access to credit and declining house prices, both of which have impacted household consumption (the largest component of domestic economic activity) and dwelling investment. In Western Australia, this is coinciding with completion of construction work on the last of the mega-LNG projects, which is acting as a drag on business investment. As a result, the State's domestic economy (as measured by State Final Demand (SFD)) is estimated to contract by 1% in 2018-19 (this compares to a forecast 0.5% contraction in SFD at the time of the 2018-19 Mid-year Review).

3. Despite the downside risks to the global economy, Western Australia's exports are continuing to grow strongly. This is expected to drive growth of 2% in the overall State economy (as measured by Gross State Product (GSP)) in 2018-19 (compared to forecast growth of 3% in the 2018-19 Mid-year Review).
4. Growth in the State's economy is expected to accelerate in 2019-20, with GSP forecast to grow by 3.5%. This primarily reflects an expectation of continuing solid growth in exports, combined with increasing business investment, as spending on a new wave of resource sector projects (mostly iron ore and lithium) gathers pace. These projects, coupled with State (and Commonwealth) Government investment in major road and rail infrastructure, are expected to see employment growth of 1.75% in 2019-20, up from an estimated 1% in 2018-19. Across the forward estimates period, employment growth is expected to be further supported by an increase in residential construction activity as housing supply tightens and population growth drives demand for new housing.
5. Treasury will continue to closely monitor developments in the State's labour market, particularly in the context of the Government's target to create an additional 150,000 jobs by 2023-24. Modelling by Treasury suggests that this target is achievable, but it will require an increase in employment growth from the current 1.1% (annual average growth to March 2019) to average growth of 1.8% per annum to 2023-24. This compares to long-run average employment growth in Western Australia (since 1989-90) of 2.1% per annum.
6. Treasury will also continue to closely monitor developments in the iron ore market, both in terms of demand (particularly from China) and supply. In this regard, the iron ore price has been supported over recent months by the loss of production from the large Brazilian iron ore miner, Vale, following a tailings dam disaster in January 2019. There is considerable uncertainty around the length of this supply disruption and the extent of any offsets, either from Vale itself or other iron ore producers. This makes forecasting the iron ore price even more challenging than usual. Reflecting this heightened uncertainty, Treasury implemented a relatively minor (but important) change to its forecasting methodology, whereby the iron ore price is assumed to transition more rapidly to the medium term Consensus Economics forecasts. Depending on the length of the current supply disruption, this may well prove to be a conservative forecasting approach, but is considered prudent given the uncertain outlook for the iron ore market.

### State Finances

7. Treasury's primary focus continues to be supporting the Government's priority for Budget repair and responsible financial management. This includes the key objectives of returning the general government operating balance to surplus and reducing the State's debt burden to more sustainable levels. This Budget is projecting an operating surplus in 2018-19, which is two years earlier than forecast in the 2018-19 Budget and the first since 2013-14. The general government sector is projected to remain in a surplus position across the entire forward estimates period.
8. The forecast general government operating surplus of \$553 million for 2018-19 is a \$1.2 billion improvement on the \$674 million deficit projected at Mid-year Review. This improved operating position reflects increased royalty revenue (mainly due to the spike in the iron ore price following the Vale tailings dam disaster in January 2019) and the partial bring-forward of GST 'top-up' payments from 2019-20 into 2018-19. Low rates of general government expenditure growth are also critical to the improved outlook.
9. The improvement in the operating outlook has flowed through to lower than previously forecast levels of total public sector net debt, which is now projected to peak at \$37 billion at 30 June 2020 before reducing to \$35.6 billion by 30 June 2023 (before implementation of new accounting standards that impact the measurement of net debt from 2019-20 - see separate information on new accounting standards below). Based on the Mid-year Review projections of other jurisdictions available at the time of finalising the 2019-20 Budget, Western Australia is the only State that is forecasting a peak in net debt over the forward estimates period.
10. Reflecting progress with Budget repair, and the strengthening outlook for the State's finances, both Moody's and S&P Global revised Western Australia's credit rating outlook during 2018-19 (Moody's Aa2 'stable' outlook revised to 'positive' outlook; S&P Global's AA+ 'negative' outlook revised to 'stable' outlook).

### Implementation of New Accounting Standards

11. Treasury has played a key leadership role in supporting the public sector to implement three new accounting standards that come into effect for reporting periods commencing on or after 1 January 2019. These standards are AASB 16: *Leases*, AASB 15: *Revenue from Contracts With Customers*, and AASB 1058: *Income of Not For Profit Entities*.

12. Implementation of AASB 16 requires the reporting of operating leases on the balance sheet (removing the previous distinction between operating and finance leases), and will add a forecast \$2.2 billion to the measurement of net debt by 30 June 2023 relative to previous accounting standards. It is important to note that this is a measurement issue only; there is no change in the State's legal or financial obligations (including cash payments) and the credit rating agencies are expected to 'look through' the impact of this measurement change for the purposes of the State's credit rating.
13. The remaining two accounting standards impact revenue recognition rules, particularly the timing of when Commonwealth infrastructure grants are recognised as revenue on the State's income statement. A feature box on the new standards and the associated Budget implications is included in Budget Paper No. 3.

### **Commonwealth-State Financial Relations**

14. Treasury, working with other State agencies, will continue to press for a fair outcome from the Commonwealth Grants Commission's review of its methods for distributing GST revenue among jurisdictions (due to report in February 2020). This will help ensure the sustainability of the major GST reforms enacted by the Commonwealth Government in 2018 (which included a GST floor for Western Australia). An important element of this work will be a comprehensive evidence-based response to the Commission's draft report, expected around May 2019.
15. In addition, Treasury will support the Government's negotiations on Commonwealth-State financial agreements, including the finalisation of agreements relating to funding of hospitals and the National Disability Insurance Scheme. Important aims are to ensure that funding arrangements are fair to Western Australia, in line with the State's priorities, and allow the State to manage its services to efficiently address its needs.

### **Public Sector Reform**

16. Treasury is responsible for delivering a number of key Public Sector Reform initiatives, including:
  - 16.1. strengthening the processes and institutions supporting the Budget, with a focus on fiscal sustainability and agency collaboration in delivering outcomes;
  - 16.2. improving asset management capabilities, practices and protocols; and
  - 16.3. enhancing independent economic and revenue forecasting methods and systems.
17. Treasury is also leading the GTE Reform Program to design a governance framework that addresses the accountability and oversight requirements of the Government while at the same time not unduly hampering operational activities or Board autonomy. The GTE framework will consist of legislative and administrative features to provide clarity on the relationship of GTEs with broader government.
18. The Government has approved drafting of legislation to ensure there is a consistent approach across GTEs when it comes to core governance principles. The legislation is expected to be ready for introduction to Parliament in the second half of 2019.
19. Treasury is also working closely with the Department of the Premier and Cabinet and other agencies to support the broader reform program, including the implementation of 'Our Priorities'.

### **Economic Policy**

20. Treasury is supporting the Government to implement its new Streamline WA initiative announced by the Premier on 6 December 2018. Streamline WA aims to encourage more investment, growth and jobs by improving regulation and its administration. Linked to this work is a comprehensive regulatory mapping project seeking improvements to regulatory arrangements for the horticulture industry, which is due to be completed in May 2019.
21. Treasury is also supporting the Government's broader Microeconomic Reform Agenda, including reforms to the State's rail access regime, as well as working with the Department of Mines, Industry Regulation and Safety (and other relevant agencies) to support the Government's wages policy.



### Asset Commercialisation

22. Treasury is supporting the Government with plans to commercialise a restricted part of the Western Australian Land Information Authority's (Landgate) automated land titling transactions. This involves Landgate entering into a long-term agreement with a service provider for automated land titling services, as well as the disposal of Landgate's shareholding in Advara. The sale of Advara was executed in March 2019. The market process for the Landgate partial commercialisation remains on track with the recent completion of the invitations for expressions of interest stage. Indicative offers to enter into the services agreement are due in May 2019, which will then be assessed and a shortlist selected to proceed to the request for binding offers stage. It is expected that a successful respondent will be announced as the service provider before the end of 2019.
23. On 9 October 2018, the Government announced its decision to proceed with the sale of the Western Australian TAB. Treasury is currently working with Racing and Wagering Western Australia in the planning and preparation for the sale process. Enabling legislation is expected to be introduced into Parliament in May 2019, with the sale process planned to commence after the legislation is passed.

### Energy Transformation Strategy

24. The Western Australian electricity sector is experiencing significant transition, characterised by increasing levels of grid-connected large-scale renewable generation technologies, changing consumer demand patterns, and growth in the penetration of Distributed Energy Resources (DER), such as rooftop solar photovoltaic generation and battery storage systems. Large-scale renewables and DER offer significant opportunities for low cost, low emissions energy. However, the intermittent and uncontrolled nature of these energy sources is presenting challenges to maintaining the security and reliability of the power system, particularly in the South West Interconnected System (SWIS).
25. To manage existing and emerging risks from the transition to large-scale renewables and DER, the State Government is progressing an Energy Transformation Strategy to continue to provide affordable, reliable and clean energy as the sector transitions. The Energy Transformation Strategy includes the following initiatives:
  - 25.1. development of a Whole of System Plan for the SWIS by mid-2020;
  - 25.2. a DER Roadmap to ensure safe and secure integration of small-scale renewable generation and battery storage in the State's power systems by the end of 2019; and
  - 25.3. changes to modernise the regulatory frameworks for renewable generation connection and maintain effective operation of the wholesale electricity market for the SWIS by early 2021.
26. Treasury will support the delivery of the Energy Transformation Strategy through a dedicated Energy Transformation Implementation Unit, which has been funded in this Budget from a one-off special dividend applied to the electricity GTEs.

### Energy Policy

27. A Deed of Indemnity was provided to the Australian Energy Market Operator (AEMO) for the cost of the work undertaken during the previous Government's Electricity Market Review activities in relation to the proposed transfer of retail market operation responsibilities. Costs incurred by AEMO for this work could have only been recovered from market participants if the transfer of retail market operations took place. As the reforms did not progress, funding has been made available to reimburse AEMO for its costs, which total \$1.06 million.
28. In mid-2018, the Council of Australian Governments (COAG) Energy Council of Energy Ministers agreed to a revised AEMC Funding Agreement. Under the revised formula, Western Australia will see an increased contribution of approximately \$1.1 million per year escalated by CPI in its annual contribution to the AEMC (\$4.6 million over the forward estimates period).
29. Treasury has also been provided funding to support the establishment of dedicated energy consumer advocacy in Western Australia. This funding aims to build energy sector capacity within local consumer advocacy organisations and support evidence-based perspectives that represent the interests of a diverse range of small-use energy customers. The funding incorporates 1 FTE for the Public Utilities Office to engage a dedicated advisor on consumer issues and \$420,000 for consumer advocacy consultancies over three years.

## Resource Agreement

The following performance information (financial and non-financial) is the subject of a Resource Agreement signed by the Minister, Accountable Authority and Treasurer under Part 3, Division 5 of the *Financial Management Act 2006*.

## Outcomes, Services and Key Performance Information

### Relationship to Government Goals

Broad government goals are supported at agency level by specific outcomes. Agencies deliver services to achieve these outcomes. The following table illustrates the relationship between the agency's services and desired outcomes, and the government goal it contributes to. The key effectiveness indicators measure the extent of impact of the delivery of services on the achievement of desired outcomes. The key efficiency indicators monitor the relationship between the service delivered and the resources used to produce the service.

Government Goal	Desired Outcomes	Services
Sustainable Finances: Responsible financial management and better service delivery.	Sustainable and transparent public sector finances.	1. Financial Management and Reporting
	A strong and competitive State economy.	2. Economic and Revenue Forecasts and Policy Development
	Value for money outcomes in service delivery and infrastructure provision.	3. Evaluation and Planning of Government Service Delivery and Infrastructure Provision
	A sustainable, efficient, secure and affordable energy sector.	4. Development and Implementation of Energy Policy

### Service Summary

Expense	2017-18	2018-19	2018-19	2019-20	2020-21	2021-22	2022-23
	Actual \$'000	Budget \$'000	Estimated Actual \$'000	Budget Estimate \$'000	Forward Estimate \$'000	Forward Estimate \$'000	Forward Estimate \$'000
1. Financial Management and Reporting .....	10,263	10,546	9,509	10,539	10,327	10,370	10,461
2. Economic and Revenue Forecasts and Policy Development .....	9,805	9,732	10,225	11,990	11,767	11,620	11,737
3. Evaluation and Planning of Government Service Delivery and Infrastructure Provision .....	24,237	25,420	33,215	38,212	25,761	25,900	26,170
4. Development and Implementation of Energy Policy .....	14,915	26,041	21,378	28,714	22,638	19,816	17,270
<b>Total Cost of Services .....</b>	<b>59,220</b>	<b>71,739</b>	<b>74,327</b>	<b>89,455</b>	<b>70,493</b>	<b>67,706</b>	<b>65,638</b>

## Outcomes and Key Effectiveness Indicators <sup>(a)</sup>

	2017-18 Actual	2018-19 Budget	2018-19 Estimated Actual	2019-20 Budget Target	Note
<b>Outcome: Sustainable and transparent public sector finances:</b>					
Status of the State's credit rating.....	AA+/Aa2	AA+/Aa2	AA+/Aa2	AA+/Aa2	1
Unqualified audit opinion on the Annual Report on State Finances.....	Yes	Yes	Yes	Yes	
<b>Outcome: A strong and competitive State economy:</b>					
Accuracy of key general government revenue forecasts:					
Tax revenue <sup>(b)</sup> .....	0.1%	+/-5%	-0.8%	+/-5%	
Mining revenue <sup>(c)</sup> .....	4.2%	+/-5%	21.6%	+/-5%	2
Accuracy of key economic forecasts (percentage point difference):					
Employment growth <sup>(d)</sup> .....	0.7	+/-0.5	-0.5	+/-0.5	3
Real SFD growth <sup>(e)</sup> .....	2.5	+/-2	-0.75	+/-2	
<b>Outcome: Value for money outcomes in service delivery and infrastructure provision:</b>					
Percentage of advice provided to the Expenditure Review Committee (ERC) at least five working days prior to their consideration <sup>(f)</sup> .....	n/a	n/a	61%	90%	4
Percentage of highest value agencies complying with the Strategic Asset Management framework or equivalent accredited mechanism.....	5%	100%	15%	100%	5
<b>Outcome: A sustainable, efficient, secure and affordable energy sector:</b>					
The extent to which policy and program development objectives for the year are achieved.....	77%	100%	100%	100%	

(a) Further detail in support of the key effectiveness indicators is provided in the agency's Annual Report.

(b) For comparison purposes, the 2017-18 variance adjusts the actual result and 2017-18 Budget estimate to take into account the reclassification of tax fines from taxation to sale of goods and services revenue, and the reclassification of the Building and Construction Industry Training Fund Levy from sale of goods and services revenue to taxation. For comparison purposes, the 2018-19 Budget forecast and estimated actual are adjusted to account for the reclassification of revenue from motor vehicle recording fees from taxation to sale of goods and services revenue, and the reclassification of tax fines from taxation to sale of goods and services revenue. The 2018-19 Actual for taxation revenue will be released in the 2018-19 Annual Report on State Finances in late September 2019.

(c) The 2017-18 variance excludes the forecast revenue from the proposed gold royalty rate increase included in the 2017-18 Budget, which was not passed by Parliament. The 2018-19 Actual for mining revenue will be released in the 2018-19 Annual Report on State Finances in late September 2019.

(d) The employment growth actual used in calculating the accuracy of the employment forecast for 2017-18 differs from that used for Treasury's 2017-18 Annual Report due to the ABS revising the historical series.

(e) The real SFD growth actual used in calculating the accuracy of the SFD forecast for 2017-18 differs from that used in calculating the accuracy of the forecast in Treasury's 2017-18 Annual Report, which was based on an estimated actual (as the 2017-18 Actual had not yet been released by the ABS at the time of production).

(f) This is a new key effectiveness indicator that was adopted for the 2018-19 financial year. The indicator measures the timeliness of advice provided to the ERC, and reflects the importance of Government having sufficient time to review advice from Treasury before decision-making processes occur.

### Explanation of Significant Movements

(Notes)

- Both S&P Global and Moody's amended the outlook for their credit rating assessments for Western Australia during the last year. In October 2018, S&P Global revised the outlook for the State's credit rating from AA+ 'negative' to AA+ 'stable', recognising that considerable progress has been made in addressing weaknesses in the State's finances since the Government came to office in 2017 (with stabilising revenue and constrained spending contributing to lower forecast levels of net debt). In January 2019, Moody's revised its outlook from Aa2 'stable' to 'positive', in recognition of the same factors and associated improvement in credit rating metrics. Moody's assessment remains one notch below S&P Global's credit rating for the State.
- Mining revenue is expected to be significantly higher in 2018-19 than the 2018-19 Budget estimate largely due to a higher than forecast iron ore price. The iron ore price spiked following the tailings dam disaster in Brazil in January 2019, and has remained elevated since. This supply shock could not have been foreseen at the time of the 2018-19 Budget.
- Employment growth in 2018-19 is expected to be 0.5 percentage points lower than the 2018-19 Budget estimate, reflecting weaker than expected hiring.

4. The 2018-19 Estimated Actual is lower than anticipated, due to the complexity of some matters which required significant additional consultation with agencies.
5. An estimated 13 agencies form 90% of the total Asset Investment Program for 2018-19. Only two of these agencies provided a Minister-endorsed Strategic Asset Plan (SAP) to Treasury by the specified deadline of 21 January 2019. It is noted, however, that as at the 8 April 2019 cut-off date for this Budget, 11 of the 13 agencies had submitted a Minister-endorsed SAP. Treasury has instigated various initiatives to improve the rate of agencies providing Minister-endorsed SAPs by the required date. This includes consultations with agencies and Ministers, provision of training to analysts, and reminders through Treasury communications. Treasury is assessing options to further improve performance against this indicator.

## Services and Key Efficiency Indicators

### 1. Financial Management and Reporting

This service involves the provision of advice on the Government's fiscal strategy, advice on the legislative framework underpinning financial management and accountability in the Western Australian public sector, the preparation and publication of regular reports on the State's finances, and maintenance of the Public Ledger.

	2017-18 Actual	2018-19 Budget	2018-19 Estimated Actual	2019-20 Budget Target	Note
Total Cost of Service .....	\$'000 10,263	\$'000 10,546	\$'000 9,509	\$'000 10,539	1
Less Income .....	9	11	11	11	
Net Cost of Service .....	10,254	10,535	9,498	10,528	
<b>Employees (Full-Time Equivalents) .....</b>	<b>47</b>	<b>54</b>	<b>45</b>	<b>47</b>	
<b>Efficiency Indicators</b>					
Percentage of financial reports released as per agreed timeframes .....	100%	100%	100%	100%	

### Explanation of Significant Movements

(Notes)

1. The Total Cost of Service increases between the 2018-19 Estimated Actual and the 2019-20 Budget Target. This movement is predominantly due to employee vacancies in 2018-19, and increased costs in 2019-20 associated with the review and tender requirements for the State Banking Contract and financial policy and oversight activities.

### 2. Economic and Revenue Forecasts and Policy Development

This service involves analysis and advice on economic and revenue policy issues, including Commonwealth-State financial relations, the development of forecasts for each of the State's major revenue sources, and the provision of advice on economic reform.

	2017-18 Actual	2018-19 Budget	2018-19 Estimated Actual	2019-20 Budget Target	Note
Total Cost of Service .....	\$'000 9,805	\$'000 9,732	\$'000 10,225	\$'000 11,990	1
Less Income .....	6	6	10	10	
Net Cost of Service .....	9,799	9,726	10,215	11,980	
<b>Employees (Full-Time Equivalents) .....</b>	<b>47</b>	<b>54</b>	<b>54</b>	<b>62</b>	
<b>Efficiency Indicators</b>					
Number of ministerials, briefings or reports provided on economic issues .....	297	350	300	300	2
Percentage of regulatory impact statements assessed within agreed timeframes .....	100%	90%	100%	90%	

### Explanation of Significant Movements

(Notes)

1. The Total Cost of Service increases between the 2018-19 Estimated Actual and the 2019-20 Budget Target, reflecting an increase in resources associated with Streamline WA, intergovernmental relations and wages policy.
2. The actual number of ministerials, briefings or reports provided on economic issues is expected to be lower than the 2018-19 Budget. This result reflects steps taken by Treasury to streamline the ministerials, briefings and reports provided to the Treasurer's Office, following feedback from the Office.

### 3. Evaluation and Planning of Government Service Delivery and Infrastructure Provision

This service involves investigating agencies' operations in respect of efficiency and effectiveness and advising Government on the allocation of taxpayer resources. It includes the analysis, evaluation and planning of government services to ensure value for money outcomes in key areas like Health, Education, Justice and infrastructure delivery. It also includes Treasury's advisory role with respect to asset commercialisation.

	2017-18 Actual	2018-19 Budget	2018-19 Estimated Actual	2019-20 Budget Target	Note
Total Cost of Service .....	\$'000 24,237	\$'000 25,420	\$'000 33,215	\$'000 38,212	1
Less Income .....	224	1,121	467	592	2
Net Cost of Service .....	24,013	24,299	32,748	37,620	
<b>Employees (Full-Time Equivalents) .....</b>	116	126	127	139	
<b>Efficiency Indicators</b>					
Number of ERC papers on service delivery and infrastructure advice .....	54	60	29	30	3

### Explanation of Significant Movements

(Notes)

1. The Total Cost of Service increases between the 2018-19 Budget and the 2019-20 Budget Target, due to changes in the timing of costs associated with the partial commercialisation of Landgate and the sale of the Western Australian TAB, as well as increased expenditure relating to GTE governance and oversight.
2. Income decreases between the 2018-19 Budget and the 2018-19 Estimated Actual, due to the repositioning of funding associated with the Justice Pipeline Model and Target 120 projects.
3. The 2018-19 Estimated Actual is lower than the 2018-19 Budget as there was a concerted effort to ensure that the 2018-19 Mid-year Review did not become a 'mini-Budget' process. A number of initiatives were implemented in the 2018-19 Budget to assist in streamlining the ERC decision-making process, such as ensuring agencies comply with Budget submission criteria. These initiatives reduced the number of papers provided to the ERC in 2018-19 and enabled the ERC to focus on key policy priorities. In light of these initiatives, the 2019-20 Budget Target has been reduced to 30.

#### 4. Development and Implementation of Energy Policy

This service was created following the transfer of the Public Utilities Office from the Department of Finance on 1 July 2017. The service encompasses the delivery of energy policy and programs to meet the State's energy needs. From 2019-20, it also includes implementation of the State Government's Energy Transformation Strategy.

	2017-18 Actual	2018-19 Budget	2018-19 Estimated Actual	2019-20 Budget Target	Note
Total Cost of Service .....	\$'000 14,915	\$'000 26,041	\$'000 21,378	\$'000 28,714	1
Less Income .....	28	786	784	693	2
Net Cost of Service .....	14,887	25,255	20,594	28,021	
<b>Employees (Full-Time Equivalents) .....</b>	47	51	50	73	1
<b>Efficiency Indicators</b>					
Average cost of policy/project development .....	\$21,100	\$27,524	\$23,900	\$25,730	

#### Explanation of Significant Movements

(Notes)

1. The Total Cost of Service increases between the 2017-18 Actual and the 2018-19 Budget as a result of increased contributions to the State Underground Power Program and the timing of energy policy reform work. The Total Cost of Service (and number of FTEs) further increases in 2019-20, predominantly due to additional resources to implement the Government's new Energy Transformation Strategy.
2. Income is higher in 2018-19 and 2019-20 as a result of funding to be transferred from the Department of Finance for the State Underground Power Program.

#### Asset Investment Program

1. The Department's Asset Investment Program for 2019-20 (\$0.4 million) primarily comprises upgrades to the Strategic Information Management System. This is Treasury's core, whole-of-government budget management system.

	Estimated Total Cost \$'000	Estimated Expenditure to 30-6-19 \$'000	2018-19 Estimated Expenditure \$'000	2019-20 Budget Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000
<b>COMPLETED WORKS</b>							
Information and Communications Technology (ICT)							
Replacement/Upgrade - 2018-19 Program .....	800	800	800	-	-	-	-
<b>NEW WORKS</b>							
ICT Replacement/Upgrade							
2019-20 Program .....	400	-	-	400	-	-	-
2020-21 Program .....	400	-	-	-	400	-	-
2021-22 Program .....	400	-	-	-	-	400	-
2022-23 Program .....	400	-	-	-	-	-	400
<b>Total Cost of Asset Investment Program .....</b>	<b>2,400</b>	<b>800</b>	<b>800</b>	<b>400</b>	<b>400</b>	<b>400</b>	<b>400</b>
<b>FUNDED BY</b>							
Drawdowns from the Holding Account .....			800	400	400	400	400
<b>Total Funding .....</b>			<b>800</b>	<b>400</b>	<b>400</b>	<b>400</b>	<b>400</b>

## Financial Statements

1. The implementation of new accounting standard AASB 16: *Leases* significantly impacts the Statement of Financial Position by bringing arrangements previously classified as operating leases on to the balance sheet. On the Income Statement, previous rental expenses for operating leases are removed and replaced with interest expense for the lease obligation and a depreciation cost for the right of use asset. Further information on AASB 16 and other new accounting standards impacting the Budget are detailed in a feature box in Budget Paper No. 3.

### Income Statement

#### *Expenses*

2. Total Cost of Services increases in 2019-20, reflecting the resourcing of new initiatives such as the Energy Transformation Strategy and Streamline WA, as well as the allocation of additional resources to ongoing initiatives such as the GTE Reform Program.
3. Grants and subsidies expenses of \$2.4 million have been repositioned from 2018-19 to 2019-20 to align with the current schedule of works for the State Underground Power Program. In addition, the COAG Energy Council of Energy Ministers agreed to a revised AEMC Funding Agreement. Under the revised formula, Western Australia will see an increase of around \$1.1 million per annum escalated by CPI in its annual contribution to the AEMC, reflected in 2019-20 and the forward estimates period.
4. The reduction in supplies and services expenditure from 2019-20 to 2020-21 (of \$12.8 million) primarily relates to the finite funding in 2019-20 associated with the partial commercialisation of Landgate and sale of the Western Australian TAB.

#### *Income*

5. Income of almost \$0.7 million associated with the Target 120 program and the Justice Pipeline Model has been repositioned from 2018-19 to 2019-20 and the forward estimates period.

### Statement of Financial Position

6. The measured value of total assets and total liabilities increases substantially in 2019-20 as a result of the implementation of AASB 16. Treasury will recognise right of use accommodation and vehicle assets, and corresponding lease obligations, of around \$68.2 million.

**INCOME STATEMENT <sup>(a)</sup>**  
**(Controlled)**

	2017-18	2018-19	2018-19	2019-20	2020-21	2021-22	2022-23
	Actual	Budget	Estimated	Budget	Forward	Forward	Forward
	\$'000	\$'000	Actual	Estimate	Estimate	Estimate	Estimate
			\$'000	\$'000	\$'000	\$'000	\$'000
<b>COST OF SERVICES</b>							
<b>Expenses</b>							
Employee benefits <sup>(b)</sup> .....	35,935	40,447	39,160	45,118	44,417	42,526	41,319
Grants and subsidies <sup>(c)</sup> .....	3,744	7,965	6,458	7,708	2,265	1,521	1,550
Supplies and services .....	12,235	16,539	21,481	26,472	13,581	13,413	13,254
Accommodation .....	4,631	4,518	4,464	890	890	890	890
Depreciation and amortisation .....	1,000	1,079	1,001	4,341	4,428	4,464	3,765
Finance and interest costs .....	-	-	-	3,378	3,364	3,344	3,312
Other expenses .....	1,675	1,191	1,763	1,548	1,548	1,548	1,548
<b>TOTAL COST OF SERVICES</b> .....	<b>59,220</b>	<b>71,739</b>	<b>74,327</b>	<b>89,455</b>	<b>70,493</b>	<b>67,706</b>	<b>65,638</b>
<b>Income</b>							
Other revenue .....	267	1,924	1,272	1,306	313	315	315
<b>Total Income</b> .....	<b>267</b>	<b>1,924</b>	<b>1,272</b>	<b>1,306</b>	<b>313</b>	<b>315</b>	<b>315</b>
<b>NET COST OF SERVICES</b> .....	<b>58,953</b>	<b>69,815</b>	<b>73,055</b>	<b>88,149</b>	<b>70,180</b>	<b>67,391</b>	<b>65,323</b>
<b>INCOME FROM STATE GOVERNMENT</b>							
Service appropriations .....	55,857	62,506	65,746	80,949	62,979	60,190	58,122
Resources received free of charge .....	7,451	7,596	7,596	7,486	7,486	7,486	7,486
Royalties for Regions Fund:							
Regional and State-wide Initiatives .....	130	130	130	133	134	134	134
<b>TOTAL INCOME FROM STATE GOVERNMENT</b> .....	<b>63,438</b>	<b>70,232</b>	<b>73,472</b>	<b>88,568</b>	<b>70,599</b>	<b>67,810</b>	<b>65,742</b>
<b>SURPLUS/(DEFICIENCY) FOR THE PERIOD</b> .....	<b>4,485</b>	<b>417</b>	<b>417</b>	<b>419</b>	<b>419</b>	<b>419</b>	<b>419</b>

(a) Full audited financial statements are published in the agency's Annual Report.

(b) The full-time equivalents for 2017-18 Actual, 2018-19 Estimated Actual and 2019-20 Budget Estimate are 257, 276 and 321 respectively.

(c) Refer to the Details of Controlled Grants and Subsidies table below for further information.

**DETAILS OF CONTROLLED GRANTS AND SUBSIDIES**

	2017-18	2018-19	2018-19	2019-20	2020-21	2021-22	2022-23
	Actual	Budget	Estimated	Budget	Forward	Forward	Forward
	\$'000	\$'000	Actual	Estimate	Estimate	Estimate	Estimate
			\$'000	\$'000	\$'000	\$'000	\$'000
<b>Contributions to the Australian Accounting Standards Board</b> .....							
	49	53	50	50	50	50	50
<b>Contributions to the AEMC</b> .....							
	149	85	1,044	1,114	1,142	1,171	1,200
<b>Contributions to the Energy Council Work Program</b> .....							
	432	150	164	300	300	300	300
<b>Contributions to the State Underground Power Program</b> .....							
	3,114	7,643	5,200	6,244	773	-	-
<b>Other Grants and Subsidies</b> .....							
	-	34	-	-	-	-	-
<b>TOTAL</b> .....	<b>3,744</b>	<b>7,965</b>	<b>6,458</b>	<b>7,708</b>	<b>2,265</b>	<b>1,521</b>	<b>1,550</b>



**STATEMENT OF FINANCIAL POSITION <sup>(a)</sup>**  
**(Controlled)**

	2017-18	2018-19	2018-19	2019-20	2020-21	2021-22	2022-23
	Actual	Budget	Estimated	Budget	Forward	Forward	Forward
	\$'000	\$'000	Actual	Estimate	Estimate	Estimate	Estimate
			\$'000	\$'000	\$'000	\$'000	\$'000
<b>CURRENT ASSETS</b>							
Cash assets.....	14,985	8,027	12,174	12,476	12,776	13,074	13,370
Holding account receivables.....	800	-	400	400	400	400	400
Receivables.....	678	806	678	678	678	678	678
Other.....	39	541	39	39	39	39	39
<b>Total current assets.....</b>	<b>16,502</b>	<b>9,374</b>	<b>13,291</b>	<b>13,593</b>	<b>13,893</b>	<b>14,191</b>	<b>14,487</b>
<b>NON-CURRENT ASSETS</b>							
Holding account receivables.....	11,164	12,243	11,765	15,706	19,734	23,798	27,163
Property, plant and equipment.....	24	17	15	64,927	61,793	58,676	55,486
Intangibles.....	4,244	3,971	4,052	3,379	2,626	1,831	1,735
Restricted cash.....	231	343	345	462	581	702	825
<b>Total non-current assets.....</b>	<b>15,663</b>	<b>16,574</b>	<b>16,177</b>	<b>84,474</b>	<b>84,734</b>	<b>85,007</b>	<b>85,209</b>
<b>TOTAL ASSETS.....</b>	<b>32,165</b>	<b>25,948</b>	<b>29,468</b>	<b>98,067</b>	<b>98,627</b>	<b>99,198</b>	<b>99,696</b>
<b>CURRENT LIABILITIES</b>							
Employee provisions.....	7,507	6,821	7,507	7,507	7,507	7,507	7,507
Payables.....	5,377	476	2,263	2,263	2,263	2,263	2,263
Other.....	-	26	-	-	-	-	-
<b>Total current liabilities.....</b>	<b>12,884</b>	<b>7,323</b>	<b>9,770</b>	<b>9,770</b>	<b>9,770</b>	<b>9,770</b>	<b>9,770</b>
<b>NON-CURRENT LIABILITIES</b>							
Employee provisions.....	2,291	3,034	2,291	2,291	2,291	2,291	2,291
Borrowings and leases.....	-	-	-	67,851	67,499	66,983	66,206
Other.....	4	4	4	4	4	4	4
<b>Total non-current liabilities.....</b>	<b>2,295</b>	<b>3,038</b>	<b>2,295</b>	<b>70,146</b>	<b>69,794</b>	<b>69,278</b>	<b>68,501</b>
<b>TOTAL LIABILITIES.....</b>	<b>15,179</b>	<b>10,361</b>	<b>12,065</b>	<b>79,916</b>	<b>79,564</b>	<b>79,048</b>	<b>78,271</b>
<b>EQUITY</b>							
Contributed equity.....	42,117	44,444	42,117	42,446	42,939	43,607	44,463
Accumulated surplus/(deficit).....	(25,131)	(28,857)	(24,714)	(24,295)	(23,876)	(23,457)	(23,038)
<b>Total equity.....</b>	<b>16,986</b>	<b>15,587</b>	<b>17,403</b>	<b>18,151</b>	<b>19,063</b>	<b>20,150</b>	<b>21,425</b>
<b>TOTAL LIABILITIES AND EQUITY.....</b>	<b>32,165</b>	<b>25,948</b>	<b>29,468</b>	<b>98,067</b>	<b>98,627</b>	<b>99,198</b>	<b>99,696</b>

(a) Full audited financial statements are published in the agency's Annual Report.

**STATEMENT OF CASHFLOWS <sup>(a)</sup>**  
**(Controlled)**

	2017-18	2018-19	2018-19	2019-20	2020-21	2021-22	2022-23
	Actual	Budget	Estimated	Budget	Forward	Forward	Forward
	\$'000	\$'000	Actual	Estimate	Estimate	Estimate	Estimate
			\$'000	\$'000	\$'000	\$'000	\$'000
<b>CASHFLOWS FROM STATE GOVERNMENT</b>							
Service appropriations .....	54,845	61,427	64,745	76,608	58,551	55,726	54,357
Capital appropriation .....	10	-	-	329	493	668	856
Holding account drawdowns .....	222	800	800	400	400	400	400
Royalties for Regions Fund:							
Regional and State-wide Initiatives .....	130	130	130	133	134	134	134
Receipts paid into Consolidated Account .....	(18,267)	-	-	-	-	-	-
<b>Net cash provided by State Government .....</b>	<b>36,940</b>	<b>62,357</b>	<b>65,675</b>	<b>77,470</b>	<b>59,578</b>	<b>56,928</b>	<b>55,747</b>
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>							
<b>Payments</b>							
Employee benefits .....	(36,724)	(40,447)	(39,160)	(45,118)	(44,417)	(42,526)	(41,319)
Grants and subsidies .....	(210)	(7,965)	(9,572)	(7,708)	(2,265)	(1,521)	(1,550)
Supplies and services .....	(4,331)	(8,849)	(13,874)	(19,068)	(6,177)	(6,009)	(5,850)
Accommodation .....	(4,622)	(4,518)	(4,464)	(890)	(890)	(890)	(890)
GST payments .....	(1,044)	(2,281)	(2,281)	(2,281)	(2,281)	(2,281)	(2,281)
Finance and interest costs .....	-	-	-	(3,378)	(3,364)	(3,344)	(3,312)
Other payments .....	(1,594)	(1,348)	(1,837)	(1,548)	(1,548)	(1,548)	(1,548)
<b>Receipts <sup>(b)</sup></b>							
GST receipts .....	2,349	2,281	2,281	2,281	2,281	2,281	2,281
Other receipts .....	298	1,924	1,335	1,388	395	397	397
<b>Net cash from operating activities .....</b>	<b>(45,878)</b>	<b>(61,203)</b>	<b>(67,572)</b>	<b>(76,322)</b>	<b>(58,266)</b>	<b>(55,441)</b>	<b>(54,072)</b>
<b>CASHFLOWS FROM INVESTING ACTIVITIES</b>							
Purchase of non-current assets .....	-	(800)	(800)	(400)	(400)	(400)	(400)
<b>Net cash from investing activities .....</b>	<b>-</b>	<b>(800)</b>	<b>(800)</b>	<b>(400)</b>	<b>(400)</b>	<b>(400)</b>	<b>(400)</b>
<b>CASHFLOWS FROM FINANCING ACTIVITIES</b>							
Repayment of borrowings and leases .....	-	-	-	(329)	(493)	(668)	(856)
<b>Net cash from financing activities .....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(329)</b>	<b>(493)</b>	<b>(668)</b>	<b>(856)</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD .....</b>	<b>(8,938)</b>	<b>354</b>	<b>(2,697)</b>	<b>419</b>	<b>419</b>	<b>419</b>	<b>419</b>
Cash assets at the beginning of the reporting period .....	56,832	8,016	15,216	12,519	12,938	13,357	13,776
Net cash transferred to/from other agencies .....	(32,678)	-	-	-	-	-	-
<b>Cash assets at the end of the reporting period .....</b>	<b>15,216</b>	<b>8,370</b>	<b>12,519</b>	<b>12,938</b>	<b>13,357</b>	<b>13,776</b>	<b>14,195</b>

(a) Full audited financial statements are published in the agency's Annual Report.

(b) A determination by the Treasurer, pursuant to section 23 of the *Financial Management Act 2006*, provides for the retention of some cash receipts by the Department. Refer to the Net Appropriation Determination table below for further information. Other receipts are retained under the authority of other relevant Acts of Parliament.

NET APPROPRIATION DETERMINATION <sup>(a)</sup>

	2017-18	2018-19	2018-19	2019-20	2020-21	2021-22	2022-23
	Actual	Budget	Estimated	Budget	Forward	Forward	Forward
	\$'000	\$'000	Actual	Estimate	Estimate	Estimate	Estimate
			\$'000	\$'000	\$'000	\$'000	\$'000
<b>GST Receipts</b>							
GST Input Credits .....	2,343	2,281	2,281	2,281	2,281	2,281	2,281
GST Receipts on Sales .....	6	-	-	-	-	-	-
<b>Other Receipts</b>							
Senior Officer Vehicle Scheme .....	54	66	66	68	68	70	70
Receipts from the Department of Finance for the State Underground Power Program .....	-	743	743	651	-	-	-
Receipts from the Department of Communities for the Target 120 Program .....	70	430	98	387	165	165	165
Receipts from the Department of Justice for the Justice Pipeline Model .....	-	655	335	170	50	50	50
Other Receipts .....	174	30	93	112	112	112	112
<b>TOTAL .....</b>	<b>2,647</b>	<b>4,205</b>	<b>3,616</b>	<b>3,669</b>	<b>2,676</b>	<b>2,678</b>	<b>2,678</b>

(a) The moneys received and retained are to be applied to the Department's services as specified in the Budget Statements.

## DETAILS OF ADMINISTERED TRANSACTIONS

	2017-18	2018-19	2018-19	2019-20	2020-21	2021-22	2022-23
	Actual	Budget	Estimated	Budget	Forward	Forward	Forward
	\$'000	\$'000	Actual	Estimate	Estimate	Estimate	Estimate
			\$'000	\$'000	\$'000	\$'000	\$'000
<b>INCOME</b>							
<b>Commonwealth Grants</b>							
Compensation for Crude Oil Excise Condensate .....	28,052	44,063	50,654	44,922	36,076	28,358	22,743
GST Grants .....	2,248,931	3,254,900	3,199,700	3,581,300	3,165,000	3,337,900	5,465,800
Commonwealth-Funded 70% Floor .....	-	-	434,000	814,200	1,824,200	1,900,100	-
Local Government (Financial Assistance Grants) .....	168,774	180,600	180,400	-	-	-	-
Local Government (Road Funding) .....	113,416	113,110	117,700	-	-	-	-
Non-Government Schools .....	1,250,034	1,319,798	1,335,458	-	-	-	-
North West Shelf Grants .....	695,026	801,144	920,975	816,771	655,929	515,609	413,504
Other .....	2,871,799	2,329,965	2,423,368	2,955,581	3,722,769	2,358,648	2,881,906
<b>Total Commonwealth Grants .....</b>	<b>7,376,032</b>	<b>8,043,580</b>	<b>8,662,255</b>	<b>8,212,774</b>	<b>9,403,974</b>	<b>8,140,615</b>	<b>8,783,953</b>
<b>GOVERNMENT ENTERPRISES</b>							
<b>Dividends</b>							
Bunbury Water Corporation .....	1,898	2,048	1,940	1,845	1,428	1,435	1,495
Busselton Water Corporation .....	1,409	1,130	1,540	1,187	1,129	1,119	966
Electricity Generation and Retail Corporation (Synergy) .....	148,000	3,558	12,190	2,820	-	-	-
Electricity Networks Corporation (Western Power) .....	418,899	254,871	297,569	277,046	269,326	269,338	234,442
Forest Products Commission .....	3,617	-	-	250	500	2,173	2,216
Fremantle Port Authority .....	64,986	29,727	34,598	36,428	39,021	39,049	40,722
Gold Corporation .....	12,754	6,324	4,989	7,123	9,725	10,243	10,897
Insurance Commission of Western Australia .....	149,262	73,135	108,373	73,166	65,355	55,794	60,113
Kimberley Ports Authority .....	394	-	-	-	2,000	2,346	2,395
Land Information Authority .....	6,060	1,295	144,596	6,472	10,650	12,249	19,459
Mid West Ports Authority .....	18,116	10,876	12,996	14,071	16,343	7,899	8,973
Pilbara Ports Authority .....	220,685	130,271	118,997	98,154	112,000	121,796	127,580
Regional Power Corporation (Horizon Power) .....	43,802	24,373	19,632	11,938	10,804	13,712	11,558
Southern Ports Authority .....	43,190	26,561	25,844	32,282	38,898	31,109	27,273
Water Corporation of Western Australia .....	528,157	618,478	593,804	620,136	694,485	751,442	778,644
Western Australian Land Authority .....	53,779	33,179	37,876	10,080	10,008	11,123	15,202
Western Australian Treasury Corporation .....	9,249	14,135	18,267	16,202	16,564	19,204	20,112
<b>Total Dividends .....</b>	<b>1,724,257</b>	<b>1,229,961</b>	<b>1,433,211</b>	<b>1,209,200</b>	<b>1,298,236</b>	<b>1,350,031</b>	<b>1,362,047</b>

	2017-18	2018-19	2018-19	2019-20	2020-21	2021-22	2022-23
	Actual	Budget	Estimated	Budget	Forward	Forward	Forward
	\$'000	\$'000	Actual	Estimate	Estimate	Estimate	Estimate
			\$'000	\$'000	\$'000	\$'000	\$'000
<b>Income Tax Equivalent Regime</b>							
Bunbury Water Corporation .....	1,392	1,683	1,289	1,004	1,020	1,063	1,310
Busselton Water Corporation .....	1,451	779	1,064	784	799	765	706
Electricity Generation and Retail Corporation (Synergy) .....	16,452	-	-	-	-	-	-
Electricity Networks Corporation (Western Power) .....	81,130	52,885	93,165	100,789	88,763	103,412	81,936
Forest Products Commission .....	-	-	-	-	1,238	1,741	1,342
Fremantle Port Authority .....	22,919	18,554	20,202	24,225	24,821	24,569	26,045
Gold Corporation .....	4,436	9,202	4,086	5,573	5,869	6,243	6,648
Insurance Commission of Western Australia .....	106,686	39,506	48,620	32,694	32,991	37,220	43,198
Kimberley Ports Authority .....	(134)	-	-	-	1,274	1,302	1,332
Land Information Authority .....	4,014	6,720	47,910	8,299	8,512	12,206	16,942
Mid West Ports Authority .....	4,208	5,202	6,275	5,949	7,356	2,749	5,808
Pilbara Ports Authority .....	60,862	76,954	60,201	56,340	67,303	70,234	73,147
Regional Power Corporation (Horizon Power) .....	49,059	17,798	14,185	6,228	6,653	8,227	7,278
Southern Ports Authority .....	11,195	12,122	9,194	14,491	18,289	15,573	15,589
Water Corporation of Western Australia .....	281,675	360,740	365,940	354,047	387,647	419,276	428,938
Western Australian Land Authority .....	2,963	8,814	3,848	4,290	6,355	8,687	8,903
Western Australian Treasury Corporation .....	10,369	10,222	9,258	9,465	10,974	11,493	11,725
<b>Total Income Tax Equivalent Regime .....</b>	<b>658,677</b>	<b>621,181</b>	<b>685,237</b>	<b>624,178</b>	<b>669,864</b>	<b>724,760</b>	<b>730,847</b>
<b>Local Government Rates Equivalent</b>							
Bunbury Water Corporation .....	79	72	72	82	84	86	87
Busselton Water Corporation .....	58	62	62	61	63	66	69
Electricity Generation and Retail Corporation (Synergy) .....	669	1,606	1,606	1,644	1,683	1,742	1,760
Electricity Networks Corporation (Western Power) .....	1,372	1,710	1,710	1,710	1,761	1,805	1,651
Forest Products Commission .....	27	322	331	338	346	354	363
Fremantle Port Authority .....	582	737	612	642	674	708	743
Gold Corporation .....	125	1,153	1,202	1,238	1,275	1,314	1,353
Kimberley Ports Authority .....	128	152	152	152	155	158	161
Mid West Ports Authority .....	816	828	832	873	890	912	935
Pilbara Ports Authority .....	3,199	1,589	3,750	4,250	4,356	4,465	4,577
Regional Power Corporation (Horizon Power) .....	302	274	667	676	685	695	704
Southern Ports Authority .....	660	655	641	648	659	671	683
Water Corporation of Western Australia .....	6,720	6,663	6,663	6,796	6,966	7,140	7,319
Western Australian Land Authority .....	7,010	5,946	5,921	6,025	6,023	6,195	6,607
<b>Total Local Government Rates Equivalent....</b>	<b>21,747</b>	<b>21,769</b>	<b>24,221</b>	<b>25,135</b>	<b>25,620</b>	<b>26,311</b>	<b>27,012</b>
<b>Total Government Enterprises .....</b>	<b>2,404,681</b>	<b>1,872,911</b>	<b>2,142,669</b>	<b>1,858,513</b>	<b>1,993,720</b>	<b>2,101,102</b>	<b>2,119,906</b>
<b>Other</b>							
Consolidated Account Revenue Received from Agencies .....	13,265,294	13,711,152	14,192,372	15,528,461	15,277,676	15,661,441	15,915,336
Gold State Superannuation Reimbursement .....	114,758	98,069	99,194	87,793	77,577	68,265	60,696
Interest .....	118,044	95,949	122,349	111,146	117,142	131,059	137,877
Loan Guarantee Fees .....	144,311	155,670	154,522	161,259	171,052	172,758	173,887
Pension Recoups .....	13,061	11,441	10,299	10,433	11,436	11,653	11,886
Other Revenue .....	44,200	39,485	29,704	18,766	18,766	18,766	18,766
<b>Total Other .....</b>	<b>13,699,668</b>	<b>14,111,766</b>	<b>14,608,440</b>	<b>15,917,858</b>	<b>15,673,649</b>	<b>16,063,942</b>	<b>16,318,448</b>
<b>TOTAL ADMINISTERED INCOME .....</b>	<b>23,480,381</b>	<b>24,028,257</b>	<b>25,413,364</b>	<b>25,989,145</b>	<b>27,071,343</b>	<b>26,305,659</b>	<b>27,222,307</b>
<b>EXPENSES</b>							
<b>Superannuation .....</b>	<b>125,682</b>	<b>513,650</b>	<b>254,043</b>	<b>246,348</b>	<b>240,928</b>	<b>263,618</b>	<b>283,855</b>
<b>Interest .....</b>	<b>820,383</b>	<b>918,760</b>	<b>867,760</b>	<b>828,010</b>	<b>862,715</b>	<b>909,620</b>	<b>958,620</b>
<b>Appropriations for:</b>							
Operating Subsidies .....	1,538,717	1,457,736	1,454,005	1,382,912	1,267,105	1,206,944	1,207,858
Services .....	16,292,675	16,277,475	16,268,006	16,779,852	16,563,396	16,791,867	17,220,522
Salaries and Allowances .....	104,064	104,788	104,441	105,653	107,628	105,598	105,962
Other Appropriations .....	2,105,615	2,135,300	2,152,360	2,514,414	2,339,882	2,396,629	2,340,941
<b>Total Appropriations .....</b>	<b>20,041,071</b>	<b>19,975,299</b>	<b>19,978,812</b>	<b>20,782,831</b>	<b>20,278,011</b>	<b>20,501,038</b>	<b>20,875,283</b>

	2017-18	2018-19	2018-19	2019-20	2020-21	2021-22	2022-23
	Actual	Budget	Estimated	Budget	Forward	Forward	Forward
	\$'000	\$'000	Actual	Estimate	Estimate	Estimate	Estimate
			\$'000	\$'000	\$'000	\$'000	\$'000
<b>Other</b>							
Commonwealth Grants On-passed to							
Agencies .....	2,169,929	2,310,050	2,403,418	2,436,252	2,293,155	2,447,093	2,584,052
Local Government Financial Assistance							
Grants .....	168,774	180,600	180,400	-	-	-	-
Local Government Road Funding .....	113,416	113,110	117,700	-	-	-	-
Non-Government Schools .....	1,250,034	1,319,798	1,335,458	-	-	-	-
Royalties for Regions .....	447,558	577,551	487,669	811,060	842,745	873,820	868,067
Other Expenses .....	543	-	22,721	82,016	26,010	24,792	22,111
<b>Total Other .....</b>	<b>4,150,254</b>	<b>4,501,109</b>	<b>4,547,366</b>	<b>3,329,328</b>	<b>3,161,910</b>	<b>3,345,705</b>	<b>3,474,230</b>
<b>TOTAL ADMINISTERED EXPENSES .....</b>	<b>25,137,390</b>	<b>25,908,818</b>	<b>25,647,981</b>	<b>25,186,517</b>	<b>24,543,564</b>	<b>25,019,981</b>	<b>25,591,988</b>

# Western Australian Treasury Corporation

## Part 3 Financial Administration

### Asset Investment Program

1. The Corporation's Asset Investment Program encompasses an ongoing program to update information and communications technology that supports the delivery of its services.

	Estimated Total Cost \$'000	Estimated Expenditure to 30-6-19 \$'000	2018-19 Estimated Expenditure \$'000	2019-20 Budget Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000
<b>COMPLETED WORKS</b>							
Computer Hardware/Software - 2018-19 Program .....	1,895	1,895	1,895	-	-	-	-
<b>NEW WORKS</b>							
Computer Hardware/Software							
2019-20 Program .....	1,826	-	-	1,826	-	-	-
2020-21 Program .....	377	-	-	-	377	-	-
2021-22 Program .....	482	-	-	-	-	482	-
2022-23 Program .....	383	-	-	-	-	-	383
<b>Total Cost of Asset Investment Program .....</b>	<b>4,963</b>	<b>1,895</b>	<b>1,895</b>	<b>1,826</b>	<b>377</b>	<b>482</b>	<b>383</b>
<b>FUNDED BY</b>							
Internal Funds and Balances .....			1,895	1,826	377	482	383
<b>Total Funding .....</b>			<b>1,895</b>	<b>1,826</b>	<b>377</b>	<b>482</b>	<b>383</b>

Division 13 **Office of the Auditor General**

Part 3 **Financial Administration**

**Appropriations, Expenses and Cash Assets**

	2017-18 Actual \$'000	2018-19 Budget \$'000	2018-19 Estimated Actual \$'000	2019-20 Budget Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000
<b>DELIVERY OF SERVICES</b>							
Item 39 Net amount appropriated to deliver services.....	6,831	6,958	6,958	<b>7,763</b>	8,005	8,053	8,138
<b>Amount Authorised by Other Statutes</b>							
- Salaries and Allowances Act 1975.....	753	753	753	<b>753</b>	753	755	757
Total appropriations provided to deliver services .....	7,584	7,711	7,711	<b>8,516</b>	8,758	8,808	8,895
<b>CAPITAL</b>							
Item 119 Capital Appropriation .....	300	300	300	<b>300</b>	300	300	300
<b>TOTAL APPROPRIATIONS</b> .....	<b>7,884</b>	<b>8,011</b>	<b>8,011</b>	<b>8,816</b>	<b>9,058</b>	<b>9,108</b>	<b>9,195</b>
<b>EXPENSES</b>							
Total Cost of Services .....	26,092	29,561	29,561	<b>34,779</b>	35,168	35,613	35,911
Net Cost of Services <sup>(a)</sup> .....	6,982	8,148	8,148	<b>9,028</b>	9,231	9,246	9,290
<b>CASH ASSETS</b> <sup>(b)</sup> .....	5,240	3,549	4,344	<b>3,995</b>	3,885	3,898	3,927

(a) Represents Total Cost of Services (expenses) less retained revenues applied to the Office’s services. Reconciliation to the ‘Total appropriations provided to deliver services’ includes adjustments related to movements in cash balances and other accrual items such as resources received free of charge, receivables, payables and superannuation.

(b) As at 30 June each financial year.

**Spending Changes**

Recurrent spending changes, other than cashflow timing changes and non-discretionary accounting adjustments, impacting on the agency’s Income Statement since presentation of the 2018-19 Budget to Parliament on 10 May 2018, are outlined below:

	2018-19 Estimated Actual \$'000	2019-20 Budget Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000
<b>New Initiative</b>					
Information Systems Audit Program - Local Government Entities.....	-	522	519	524	537
<b>Ongoing Initiative</b>					
Local Government Audit Reform .....	-	1,145	1,143	1,151	1,169
<b>Other</b>					
Indexation for Non-Salary Expenses .....	-	-	-	-	122
Information Systems Upgrade.....	-	850	403	408	418

## Significant Issues Impacting the Agency

### Effectively Implementing Local Government Audit Reform

1. The *Local Government Amendment (Audit) Act 2017* has increased the number of entities the Office now audits by 80%. From the completion of 46 financial and several performance audits in the local government sector, the Office has found that each local government audit takes more time than comparably sized State sector audits. The Office will continue to proactively engage with the local government sector to enhance financial management, governance practices and performance capability to achieve tangible improvements in the capacity and confidence in the sector.
2. This is a significant undertaking and cost, the extent of which will be determined by how much the Office can recover its costs through audit fees.

### Need for Increased Program of Information Systems Audits

3. State and local governments rely on a large number of information and communications technology (ICT) systems to operate and provide a range of essential services to the public. It is critical that these systems are reliable, secure and properly managed to reduce the risk of disruption to the delivery of vital services, and ensure the confidentiality and integrity of the information held.
4. The Office will continue to conduct General Computer Controls (GCC) audits of the 40 largest State Government entities and review five key applications that agencies rely on to deliver services to the community. The Office will seek to expand its GCC audit program to include the local government sector to ensure the ICT systems are also reliable and secure.
5. An enhanced GCC audit program across the State and local government sectors is only possible if the Office is able to recover costs from audit clients. Full delivery of this initiative is subject to the ability of the Office to recover the cost through audit fees.

### Core Information Systems and Audit Methodology Must Meet Contemporary and Better Practice Standards

6. The Office will be replacing its Financial Management Information System and its existing financial and performance audit software, which it relies on to conduct its audit. Along with the requirement for new audit software, the Office also needs to upgrade its financial audit methodology, which is used to deliver its annual financial audit program of the State and local government sectors. This is a significant undertaking, which will require extensive change management, risk management and staff training associated with the transfer over to the new methodology.

### Extracting Additional Value from the Office's Work to Support Sector-wide Governance Reforms

7. The Office has identified a number of opportunities where it can further work with the sector to improve governance, accountability and transparency. This will support and share the knowledge derived from the Office's core mandate. The Office will target cost-effective opportunities to undertake this work within current resourcing levels. This includes:
  - 7.1. delivery of better practice guidance - through delivering better practice guidance the Office would aim to build understanding and capability in agencies and local governments to help them perform at their most efficient level, encouraging them to adopt better practices to transform and improve business processes.
  - 7.2. improving the effectiveness of audit committees - the Office would do this through specific better practice guidance as well as increased interaction and awareness-raising of the cost effective governance benefits from a high-functioning audit committee.

### Building Audit Capability in the Regions - Regional Prosperity

8. The Office uses pre-approved contract audit firms to perform a large proportion of local government audits. Given its new local government audit mandate, the Office is keen to expand the number of regional firms that it can work with. Local firms understand the regional area and the important issues faced by particular local governments.
9. The Office aims to support regional firms to meet audit quality requirements and provide ongoing feedback and engagement. This will build capacity in the regions and contribute to the economic wellbeing of regional communities.



### Managing the Impact of Section 82 of the *Financial Management Act 2006* on the Office's Audit Program

10. The number of ministerial notifications received by the Office continues to increase, and the growing complexity in preparing an opinion. These opinions are a legislative requirement and improve Government transparency and accountability. It is difficult to anticipate and plan for when and how many notifications will come to the Office and the scale of the work involved.

## Outcomes, Services and Key Performance Information

### Relationship to Government Goals

The Office is a public sector entity established to support the Auditor General. The Auditor General is an independent officer of the Parliament and as such reports directly to Parliament and ultimately the people of Western Australia, providing assurance about the efficient and effective delivery of services and the responsible management of the State's finances.

Desired Outcome	Service
An informed Parliament on public sector accountability and performance.	1. Public Sector Auditing

### Service Summary

Expense	2017-18	2018-19	2018-19	2019-20	2020-21	2021-22	2022-23
	Actual \$'000	Budget \$'000	Estimated Actual \$'000	Budget Estimate \$'000	Forward Estimate \$'000	Forward Estimate \$'000	Forward Estimate \$'000
1. Public Sector Auditing .....	26,092	29,561	29,561	34,779	35,168	35,613	35,911
<b>Total Cost of Services.....</b>	<b>26,092</b>	<b>29,561</b>	<b>29,561</b>	<b>34,779</b>	<b>35,168</b>	<b>35,613</b>	<b>35,911</b>

**Outcomes and Key Effectiveness Indicators <sup>(a)</sup>**

	2017-18 Actual	2018-19 Budget	2018-19 Estimated Actual	2019-20 Budget Target	Note
<b>Outcome: An informed Parliament on public sector accountability and performance:</b>					
The extent that the Office is effective in informing the Parliament about the public sector accountability and performance is measured by the number of tabled reports compared to targets for each of the following categories of audit matter:					1
Service Delivery - reports tabled .....	4	7	6	8	
Economic Development - reports tabled .....	3	2	1	4	
Social and Environment - reports tabled .....	6	5	3	7	
Governance - reports tabled .....	14	15	23	12	
<b>TOTAL .....</b>	<b>27</b>	<b>29</b>	<b>33</b>	<b>31</b>	

(a) Further detail in support of the key effectiveness indicators is provided in the agency's Annual Report.

**Explanation of Significant Movements**

(Notes)

- The Office aims to provide Parliament with advice and assurance across all four categories of public sector activity. A crucial element of the key effectiveness indicator is the establishment of a three year target for each category of report. Targets are one factor in the selection of topics. Other factors include the significance of identified issues and regards for matters referred to the Office by Parliament. For this reason, category targets may not always be met in any one year. Accordingly, individual targets must be considered in conjunction with the three year target.

The current target over three years encompasses the 2018-19 to 2020-21 cycles.

	2015-16 to 2017-18 Three Year Actual	2015-16 to 2017-18 Three Year Budget Target	2018-19 to 2020-21 Three Year Estimated Actual	2018-19 to 2020-21 Three Year Budget Target
Reports Tabled:				
Service Delivery .....	15	15	20	21
Economic Development .....	7	9	11	12
Social and Environment .....	9	9	10	12
Governance.....	51	42	54	45
<b>TOTAL .....</b>	<b>82</b>	<b>75</b>	<b>95</b>	<b>90</b>

Section 82 work is a legislated obligation and results in a diversion of resources from the Performance Audit Program. Section 82 reports are included as tabled reports in the 2018-19 to 2020-21 Three Year Estimated Actual in the Governance category with the number of reports above the 2018-19 to 2020-21 Three Year Budget Target for that category of report. The 2018-19 to 2020-21 Three Year Estimated Actual in the same three year cycle is below target in all other report categories, showing the impact of Section 82 reports on the Performance Audit Program.

## Services and Key Efficiency Indicators

### 1. Public Sector Auditing

The Office is responsible for undertaking the external audit of the Western Australian public sector, including local government entities. This is done through audits where relevant of controls, financial statements, key performance indicators, efficiency and effectiveness, and the tabling of reports thereon to Parliament.

	2017-18 Actual	2018-19 Budget	2018-19 Estimated Actual	2019-20 Budget Target	Note
	\$'000	\$'000	\$'000	\$'000	
Total Cost of Service .....	26,092	29,561	29,561	34,779	1
Less Income .....	19,110	21,413	21,413	25,751	
Net Cost of Service .....	6,982	8,148	8,148	9,028	
<b>Employees (Full-Time Equivalents) .....</b>	145	144	156	173	
<b>Efficiency Indicators <sup>(a)</sup></b>					
Total audit cost per \$ million of gross Government expenditure .....	\$504	\$546	\$574	\$661	
Attest audit cost per \$ million of gross Government expenditure .....	\$372	\$401	\$421	\$484	
Performance audit cost per \$ million of gross Government expenditure .....	\$132	\$145	\$153	\$177	
Average number of days taken after balance date to issue financial audit opinions .....	65	68	68	68	

(a) Efficiency indicators are based on the average number of days taken after balance date to issue financial audit opinions and gross Government expenditure for State agencies only. Targets incorporating local governments will be developed once all financial audits for the sector have transitioned to the Auditor General.

### Explanation of Significant Movements

(Notes)

- The increase in the Total Cost of Service between the 2018-19 Estimated Actual and the 2019-20 Budget Target is primarily due to the continued extension of service delivery with the introduction of local government auditing, an increased program of information systems audits and the upgrade of core information systems.

### Asset Investment Program

	Estimated Total Cost \$'000	Estimated Expenditure to 30-6-19 \$'000	2018-19 Estimated Expenditure \$'000	2019-20 Budget Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000
<b>COMPLETED WORKS</b>							
Computer Hardware and Software - 2018-19 Program .....	540	540	540	-	-	-	-
<b>NEW WORKS</b>							
Computer Hardware and Software							
2019-20 Program .....	623	-	-	623	-	-	-
2020-21 Program .....	690	-	-	-	690	-	-
2021-22 Program .....	690	-	-	-	-	690	-
2022-23 Program .....	690	-	-	-	-	-	690
<b>Total Cost of Asset Investment Program .....</b>	3,584	891	540	623	690	690	690
<b>FUNDED BY</b>							
Capital Appropriation .....			300	300	300	300	300
Drawdowns from the Holding Account .....			240	323	390	390	390
<b>Total Funding .....</b>			540	623	690	690	690

## Financial Statements

1. The implementation of new accounting standard AASB 16: *Leases* significantly impacts the Statement of Financial Position by bringing arrangements previously classified as operating leases on to the balance sheet. On the Income Statement, previous rental expenses for operating leases are removed and replaced with interest expense for the lease obligation and a depreciation cost for the right of use asset. Further information on AASB 16 and other new accounting standards impacting the Budget are detailed in a feature box in Budget Paper No. 3.

### Income Statement

#### *Expenses*

2. The 2019-20 Budget Estimate Total Cost of Services is estimated to increase by \$5.2 million compared to the 2018-19 Estimated Actual. This is mainly due to the continuing extension of service delivery with the introduction of local government auditing, an anticipated increased program of information systems audits and the replacement of core information systems.

#### *Income*

3. Consistent with the movement in the Total Cost of Services, the 2019-20 estimated income from audit fees has increased by \$4.3 million compared to the 2018-19 Estimated Actual reflecting the expanded audit client base and the recovery of the cost of the local government financial audit program and the anticipated increased program of information systems audits. In addition, a proportion of the cost of information systems upgrades is recovered through audit fees revenue in line with the Office's current strategic resourcing mix.
4. The increase in income from State Government of \$805,000 compared to the 2018-19 Estimated Actual reflects the resourcing of the local government performance auditing program and a proportion of the information systems upgrades in line with the Office's current strategic resourcing mix.

**INCOME STATEMENT <sup>(a)</sup>**  
**(Controlled)**

	2017-18	2018-19	2018-19	2019-20	2020-21	2021-22	2022-23
	Actual	Budget	Estimated	Budget	Forward	Forward	Forward
	\$'000	\$'000	Actual	Estimate	Estimate	Estimate	Estimate
			\$'000	\$'000	\$'000	\$'000	\$'000
<b>COST OF SERVICES</b>							
<b>Expenses</b>							
Employee benefits <sup>(b)</sup> .....	16,876	17,571	18,472	21,624	21,494	21,619	21,810
Supplies and services .....	5,375	7,789	7,083	9,634	10,205	10,554	10,664
Accommodation .....	2,180	2,378	2,268	-	-	-	-
Depreciation and amortisation .....	495	721	721	1,946	1,950	1,951	1,951
Finance and interest costs .....	-	-	-	151	112	76	32
Other expenses .....	1,166	1,102	1,017	1,424	1,407	1,413	1,454
<b>TOTAL COST OF SERVICES</b> .....	<b>26,092</b>	<b>29,561</b>	<b>29,561</b>	<b>34,779</b>	<b>35,168</b>	<b>35,613</b>	<b>35,911</b>
<b>Income</b>							
Other revenue .....	19,110	21,413	21,413	25,751	25,937	26,367	26,621
<b>Total Income</b> .....	<b>19,110</b>	<b>21,413</b>	<b>21,413</b>	<b>25,751</b>	<b>25,937</b>	<b>26,367</b>	<b>26,621</b>
<b>NET COST OF SERVICES</b> .....	<b>6,982</b>	<b>8,148</b>	<b>8,148</b>	<b>9,028</b>	<b>9,231</b>	<b>9,246</b>	<b>9,290</b>
<b>INCOME FROM STATE GOVERNMENT</b>							
Service appropriations .....	7,584	7,711	7,711	8,516	8,758	8,808	8,895
Resources received free of charge .....	408	467	467	467	467	467	467
<b>TOTAL INCOME FROM STATE GOVERNMENT</b> .....	<b>7,992</b>	<b>8,178</b>	<b>8,178</b>	<b>8,983</b>	<b>9,225</b>	<b>9,275</b>	<b>9,362</b>
<b>SURPLUS/(DEFICIENCY) FOR THE PERIOD</b> .....	<b>1,010</b>	<b>30</b>	<b>30</b>	<b>(45)</b>	<b>(6)</b>	<b>29</b>	<b>72</b>

(a) Full audited financial statements are published in the Office's Annual Report.

(b) The full-time equivalents for 2017-18 Actual, 2018-19 Estimated Actual and 2019-20 Budget Estimate are 145, 156 and 173 respectively.

**STATEMENT OF FINANCIAL POSITION <sup>(a)</sup>**  
**(Controlled)**

	2017-18 Actual \$'000	2018-19 Budget \$'000	2018-19 Estimated Actual \$'000	2019-20 Budget Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000
<b>CURRENT ASSETS</b>							
Cash assets.....	5,126	3,376	4,169	3,750	3,570	3,513	3,482
Holding account receivables.....	240	323	323	390	390	390	390
Receivables.....	8,568	11,593	11,130	12,352	13,303	13,754	14,205
Other.....	474	477	474	474	474	474	474
Total current assets.....	14,408	15,769	16,096	16,966	17,737	18,131	18,551
<b>NON-CURRENT ASSETS</b>							
Holding account receivables.....	3,431	3,829	3,829	4,160	4,491	4,822	5,153
Property, plant and equipment.....	575	279	484	3,854	2,762	1,612	460
Intangibles.....	339	336	249	399	339	309	199
Restricted cash.....	114	173	175	245	315	385	445
Total non-current assets.....	4,459	4,617	4,737	8,658	7,907	7,128	6,257
<b>TOTAL ASSETS</b> .....	<b>18,867</b>	<b>20,386</b>	<b>20,833</b>	<b>25,624</b>	<b>25,644</b>	<b>25,259</b>	<b>24,808</b>
<b>CURRENT LIABILITIES</b>							
Employee provisions.....	3,190	2,960	3,251	3,321	3,391	3,461	3,531
Payables.....	510	3,234	2,085	2,858	3,599	3,963	4,343
Other.....	605	12	605	605	605	605	605
Total current liabilities.....	4,305	6,206	5,941	6,784	7,595	8,029	8,479
<b>NON-CURRENT LIABILITIES</b>							
Employee provisions.....	773	941	773	773	773	773	773
Borrowings and leases.....	-	-	-	3,693	2,608	1,460	187
Total non-current liabilities.....	773	941	773	4,466	3,381	2,233	960
<b>TOTAL LIABILITIES</b> .....	<b>5,078</b>	<b>7,147</b>	<b>6,714</b>	<b>11,250</b>	<b>10,976</b>	<b>10,262</b>	<b>9,439</b>
<b>EQUITY</b>							
Contributed equity.....	8,631	8,931	8,931	9,231	9,531	9,831	10,131
Accumulated surplus/(deficit).....	5,158	4,308	5,188	5,143	5,137	5,166	5,238
<b>Total equity</b> .....	<b>13,789</b>	<b>13,239</b>	<b>14,119</b>	<b>14,374</b>	<b>14,668</b>	<b>14,997</b>	<b>15,369</b>
<b>TOTAL LIABILITIES AND EQUITY</b> .....	<b>18,867</b>	<b>20,386</b>	<b>20,833</b>	<b>25,624</b>	<b>25,644</b>	<b>25,259</b>	<b>24,808</b>

(a) Full audited financial statements are published in the Office's Annual Report.

**STATEMENT OF CASHFLOWS <sup>(a)</sup>**  
**(Controlled)**

	2017-18	2018-19	2018-19	2019-20	2020-21	2021-22	2022-23
	Actual	Budget	Estimated	Budget	Forward	Forward	Forward
	\$'000	\$'000	Actual	Estimate	Estimate	Estimate	Estimate
			\$'000	\$'000	\$'000	\$'000	\$'000
<b>CASHFLOWS FROM STATE GOVERNMENT</b>							
Service appropriations .....	6,863	6,990	6,990	7,795	8,037	8,087	8,174
Capital appropriation.....	300	300	300	300	300	300	300
Holding account drawdowns.....	190	240	240	323	390	390	390
<b>Net cash provided by State Government .....</b>	<b>7,353</b>	<b>7,530</b>	<b>7,530</b>	<b>8,418</b>	<b>8,727</b>	<b>8,777</b>	<b>8,864</b>
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>							
<b>Payments</b>							
Employee benefits .....	(16,747)	(17,510)	(18,396)	(21,537)	(21,407)	(21,533)	(21,725)
Supplies and services.....	(4,625)	(6,198)	(5,507)	(7,835)	(8,437)	(9,154)	(9,263)
Accommodation.....	(1,772)	(1,927)	(1,817)	-	-	-	-
GST payments.....	(2,019)	(1,800)	(1,800)	(1,800)	(1,800)	(1,800)	(1,800)
Finance and interest costs.....	-	-	-	(151)	(112)	(76)	(32)
Other payments .....	(1,208)	(1,102)	(1,017)	(1,993)	(1,982)	(1,995)	(2,019)
<b>Receipts <sup>(b)</sup></b>							
GST receipts.....	1,956	1,800	1,800	1,800	1,800	1,800	1,800
Other receipts .....	17,561	18,851	18,851	24,529	24,987	25,916	26,170
<b>Net cash from operating activities .....</b>	<b>(6,854)</b>	<b>(7,886)</b>	<b>(7,886)</b>	<b>(6,987)</b>	<b>(6,951)</b>	<b>(6,842)</b>	<b>(6,869)</b>
<b>CASHFLOWS FROM INVESTING ACTIVITIES</b>							
Purchase of non-current assets.....	(351)	(540)	(540)	(623)	(690)	(690)	(690)
<b>Net cash from investing activities .....</b>	<b>(351)</b>	<b>(540)</b>	<b>(540)</b>	<b>(623)</b>	<b>(690)</b>	<b>(690)</b>	<b>(690)</b>
<b>CASHFLOWS FROM FINANCING ACTIVITIES</b>							
Repayment of borrowings and leases.....	-	-	-	(1,157)	(1,196)	(1,232)	(1,276)
<b>Net cash from financing activities .....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,157)</b>	<b>(1,196)</b>	<b>(1,232)</b>	<b>(1,276)</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD.....</b>	<b>148</b>	<b>(896)</b>	<b>(896)</b>	<b>(349)</b>	<b>(110)</b>	<b>13</b>	<b>29</b>
Cash assets at the beginning of the reporting period .....	5,092	4,445	5,240	4,344	3,995	3,885	3,898
<b>Cash assets at the end of the reporting period .....</b>	<b>5,240</b>	<b>3,549</b>	<b>4,344</b>	<b>3,995</b>	<b>3,885</b>	<b>3,898</b>	<b>3,927</b>

(a) Full audited financial statements are published in the Office's Annual Report.

(b) A determination by the Treasurer, pursuant to section 23 of the *Financial Management Act 2006*, provides for the retention of some cash receipts by the Office. Refer to the Net Appropriation Determination table below for further information. Other receipts are retained under the authority of other relevant Acts of Parliament.

**NET APPROPRIATION DETERMINATION <sup>(a)</sup>**

	2017-18 Actual \$'000	2018-19 Budget \$'000	2018-19 Estimated Actual \$'000	2019-20 Budget Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000
<b>GST Receipts</b>							
GST Input Credits .....	141	170	170	170	170	170	170
GST Receipts on Sales .....	1,815	1,630	1,630	1,630	1,630	1,630	1,630
<b>Other Receipts</b>							
Audit Fees .....	17,561	18,851	18,851	24,529	24,987	25,916	26,170
<b>TOTAL .....</b>	<b>19,517</b>	<b>20,651</b>	<b>20,651</b>	<b>26,329</b>	<b>26,787</b>	<b>27,716</b>	<b>27,970</b>

(a) The moneys received and retained are to be applied to the Office's services as specified in the Budget Statements.



## Division 14 Finance

### Part 3 Financial Administration

#### Appropriations, Expenses and Cash Assets

	2017-18 Actual \$'000	2018-19 Budget \$'000	2018-19 Estimated Actual \$'000	2019-20 Budget Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000
<b>DELIVERY OF SERVICES</b>							
Item 40 Net amount appropriated to deliver services.....	149,299	151,149	152,799	<b>168,291</b>	151,234	149,463	151,022
<b>Amount Authorised by Other Statutes</b>							
- Salaries and Allowances Act 1975.....	1,601	1,601	1,601	<b>1,601</b>	1,601	1,607	1,612
Total appropriations provided to deliver services .....	150,900	152,750	154,400	<b>169,892</b>	152,835	151,070	152,634
<b>ADMINISTERED TRANSACTIONS</b>							
Item 41 Amount provided for Administered Grants, Subsidies and Other Transfer Payments.....	160,994	176,426	176,526	<b>188,739</b>	201,748	214,536	228,900
<b>Amount Authorised by Other Statutes</b>							
- First Home Owner Grant Act 2000 .....	91,171	76,200	57,518	<b>55,695</b>	54,995	54,695	54,536
<b>CAPITAL</b>							
Item 120 Capital Appropriation .....	14,902	11,820	11,820	<b>5,265</b>	4,635	4,691	4,650
<b>TOTAL APPROPRIATIONS .....</b>	<b>417,967</b>	<b>417,196</b>	<b>400,264</b>	<b>419,591</b>	<b>414,213</b>	<b>424,992</b>	<b>440,720</b>
<b>EXPENSES</b>							
Total Cost of Services .....	1,377,834	1,430,273	1,380,463	<b>1,270,972</b>	960,825	876,513	878,841
Net Cost of Services (a).....	184,724	159,688	160,582	<b>175,253</b>	156,029	151,355	152,909
<b>CASH ASSETS (b).....</b>	<b>77,625</b>	<b>149,129</b>	<b>121,230</b>	<b>158,945</b>	<b>176,456</b>	<b>181,669</b>	<b>186,882</b>

(a) Represents Total Cost of Services (expenses) less retained revenues applied to the agency's services. Reconciliation to the 'Total appropriations provided to deliver services' includes adjustments related to movements in cash balances and other accrual items such as resources received free of charge, receivables, payables and superannuation.

(b) As at 30 June each financial year.

#### Spending Changes

Recurrent spending changes, other than cashflow timing changes and non-discretionary accounting adjustments, impacting on the agency's Income Statement since presentation of the 2018-19 Budget to Parliament on 10 May 2018, are outlined below:

	2018-19 Estimated Actual \$'000	2019-20 Budget Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000
<b>New Initiatives</b>					
Carbon Offsets Program.....	-	390	390	390	390
Digital Transformation .....	-	2,176	2,206	2,251	2,296
GovNext Information and Communications Technology (ICT) Infrastructure .....	5,240	-	-	-	-
Perth Children's Hospital - Contractual Entitlement Resolution.....	-	- (a)	-	-	-
Scitech Discovery Centre - Business Case .....	335	320	-	-	-
ServiceWA.....	-	520	645	327	-
Strata Titles Act 1985 Reform (STAR) Implementation Costs .....	-	49	293	293	293
<b>Ongoing Initiatives</b>					
Indian Ocean Territories Commonwealth Grants .....	1,105	1,105	1,105	1,105	1,105

	2018-19 Estimated Actual \$'000	2019-20 Budget Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000
<b>Other</b>					
Government Office Accommodation					
Maintenance .....	-	1,103	1,158	1,216	1,250
Reform Program .....	(3,119)	135	1,157	(1,442)	(1,442)
Government Regional Officer Housing Adjustments .....	(451)	(472)	(464)	(455)	(445)
Indexation for Non-Salary Expenses .....	-	-	-	-	398
Revised Capital Works Turnover .....	(50,000)	270,000	108,000	25,000	25,000
Revision to Office of State Revenue Tariffs, Fees and Charges .....	(56)	-	-	-	-
Royalties for Regions District Allowances .....	(19)	(19)	(19)	(19)	(19)
State Fleet Proceeds and Repayments .....	(100)	(150)	50	(50)	(50)
Transfer of ICT Policy Function to the Department of Premier and Cabinet .....	-	(575)	(575)	(575)	(575)
Transfer of Maintenance Officers to Western Australia Police Force .....	(728)	(737)	(748)	(755)	(755)
Voluntary Targeted Separation Scheme .....	(644)	(649)	(655)	(671)	(671)

(a) Commercial-in-confidence. The amount of funding is not disclosed in order to avoid prejudicing the State's position.

## Significant Issues Impacting the Agency

1. Throughout 2019-20, the Department will be realigning its internal services and structures to improve the delivery of services to its customers. This will better position the Department to deliver on a number of reform projects, including an increased leadership role in procurement and project management.
2. Reform to drive better outcomes for the community is a high priority for Government. As a central agency, the Department is leading procurement reform. The Department is working with other agencies and stakeholders to develop a procurement framework that will improve the way the public sector purchases goods, services and public works. Frameworks under development will guide ethical procurement, contract management and a consistent approach to procurement across the public sector making it easier for all participants in government contracts to understand.
3. The Department will implement the Government's Market-led Proposals (MLP) Policy by providing a single clear, consistent and transparent process for businesses to submit their unique proposals to government. Proposals will be evaluated to determine if it is in the public interest to enter exclusive negotiations with a proponent. The Department will establish a small team to act as the central point of contact for the receipt of all MLPs and to support the MLP Steering Committee. These new resources will be funded through internal savings.
4. The Department will work with the Department of Transport (Transport) and across Government to begin consolidating public-facing transactional services, such as licensing and registrar services. This new way of delivering services will be piloted as ServiceWA in Bunbury, along with online services.
5. In 2019-20, Building Management and Works (BMW) and Strategic Projects will continue to work closely towards increased alignment of its practices to drive greater harmonisation of the Department's non-residential building delivery function and streamline the allocation of resources across the Department's program of works.
6. The Department will oversee the planning and delivery of the State's significant non-residential building program in 2019-20. Key projects to be completed include:
  - 6.1. the prison expansion program at Casuarina Prison and Bunbury Regional Prison;
  - 6.2. the new schools program including Baldvis North, Byford South East and Caversham South primary schools, the Inner City College and Butler North secondary schools; and
  - 6.3. the New Museum Project.
7. Improved asset management practices across the general government sector continues to be an important area of focus for the Department. The Department is working with Treasury to enhance Government's Strategic Asset Management Framework and its implementation across the sector. Better management of the Government's portfolio of non-residential buildings will enable more informed decision-making and better value for the community.
8. In 2019-20, BMW will continue to implement its Government Office Accommodation Reform Program. This reform is on track to deliver \$143 million in gross savings over the life of the program. Key initiatives will focus on improving space utilisation and implementing flexible working environments across the government office accommodation portfolio.

9. Maintaining its focus on achieving better procurement outcomes, the Department continues to develop and streamline business intelligence reports with refined whole-of-government data. It is expected that this enhanced reporting will lead to a higher level of transparency, improved value through analytics, accurate reporting on sector-wide buying behaviours, highlight areas requiring improvement and education and identification of aggregated buying opportunities across all of the government's goods and services expenditure.
10. Following the completion of the Revenue Systems Consolidation and Enhancement Program, the Digital Transformation Program will further support and develop digital service delivery. The program will ensure the ongoing sustainability of State Revenue's core internal systems, achieve greater equity and compliance for taxpayers and ensure more efficient administration of revenue laws and grants and subsidy schemes.
11. State Revenue will continue to progress measures to improve the efficiency of the State's taxation legislation, ensure exemptions and concessions are applied correctly and assist with Budget repair. The Revenue Integrity and Housekeeping Bill 2018 includes amendments to prevent ongoing revenue loss for the State and make sure taxpayers benefit from certain duties and land tax exemptions as intended.
12. Through ongoing efforts to improve tax collection effectiveness and grant payment administration, State Revenue will continue to collaborate with other agencies, including Treasury, the Western Australian Electoral Commission, Transport and the Western Australian Land Information Authority (Landgate) to improve data and knowledge sharing, cross-referencing of information and automated data exchange.
13. Scitech currently operates from leased premises in West Perth. This lease is due to expire in 2023. In preparation for this lease expiry, the Department is preparing a business case to inform future decision-making around the potential relocation of Scitech from its current site. The business case will consider strategic direction, proposed governance, costings of different relocation options, impacts of options on State finances, risks of options and optimal outcomes.

## Resource Agreement

The following performance information (financial and non-financial) is the subject of a Resource Agreement signed by the Minister, Accountable Authority and Treasurer under Part 3, Division 5 of the *Financial Management Act 2006*.

## Outcomes, Services and Key Performance Information

### Relationship to Government Goals

Broad government goals are supported at agency level by specific outcomes. Agencies deliver services to achieve these outcomes. The following table illustrates the relationship between the agency's services and desired outcomes, and the government goal it contributes to. The key effectiveness indicators measure the extent of impact of the delivery of services on the achievement of desired outcomes. The key efficiency indicators monitor the relationship between the service delivered and the resources used to produce the service.

Government Goal	Desired Outcomes	Services
Sustainable Finances: Responsible financial management and better service delivery.	Due and payable revenue is collected and eligible grants, subsidies and rebates paid.	1. Revenue Assessment and Collection, and Grants and Subsidies Administration
	Value for money from public sector procurement.	2. Development and Management of Common Use Contract Arrangements, State Fleet Leasing and Disposal, and Providing Facilitation Service for Agency Specific Contracts
	Efficient and effective Corporate Services to Client Agencies.	3. Corporate Services to Client Agencies
	Value for money from the management of the Government's non-residential buildings and public works.	4. Leads the Management of Government Buildings Including Planning, Project Delivery, and Maintenance thereof

## Service Summary

Expense	2017-18	2018-19	2018-19	2019-20	2020-21	2021-22	2022-23
	Actual \$'000	Budget \$'000	Estimated Actual \$'000	Budget Estimate \$'000	Forward Estimate \$'000	Forward Estimate \$'000	Forward Estimate \$'000
1. Revenue Assessment and Collection, and Grants and Subsidies Administration.....	62,285	64,607	64,510	67,793	67,224	67,779	68,601
2. Development and Management of Common Use Contract Arrangements, State Fleet Leasing and Disposal, and Providing Facilitation Service for Agency Specific Contracts.....	76,082	78,347	81,551	76,906	74,349	72,020	72,436
3. Corporate Services to Client Agencies .....	6,569	6,220	6,041	5,855	5,895	5,870	5,820
4. Leads the Management of Government Buildings Including Planning, Project Delivery, and Maintenance thereof.....	1,232,898	1,281,099	1,228,361	1,120,418	813,357	730,844	731,984
<b>Total Cost of Services.....</b>	<b>1,377,834</b>	<b>1,430,273</b>	<b>1,380,463</b>	<b>1,270,972</b>	<b>960,825</b>	<b>876,513</b>	<b>878,841</b>

## Outcomes and Key Effectiveness Indicators (a)

	2017-18	2018-19	2018-19	2019-20	Note
	Actual	Budget	Estimated Actual	Budget Target	
<b>Outcome: Due and payable revenue is collected and eligible grants, subsidies and rebates paid:</b>					
Debt as a percentage of revenue raised .....	0.99%	1.03%	0.97%	0.93%	
Extent to which correct grants, subsidies and rebates are paid.....	100%	100%	100%	100%	
<b>Outcome: Value for money from public sector procurement:</b>					
Average annual vehicle net capital cost:					
Per passenger vehicle .....	\$4,754	\$4,600	\$5,120	\$5,000	1
Per commercial vehicle.....	\$4,701	\$4,575	\$4,705	\$4,905	
Extent to which client agencies agree that their agency contracts and common use arrangements achieved value for money .....	93%	92%	92%	92%	
<b>Outcome: Value for money from the management of the Government's non-residential buildings and public works:</b>					
Percentage of new building projects, valued over \$5 million, delivered within the approved budget.....	100%	100%	100%	100%	2
Average office accommodation floor space per work point .....	15	14.5	14.5	14.35	

(a) Further detail in support of the key effectiveness indicators is provided in the agency's Annual Report.

## Explanation of Significant Movements

(Notes)

- The increase between the 2018-19 Budget and the 2018-19 Estimated Actual is largely due to higher vehicle usage levels leading to lower than anticipated resale values and also reflects a reduction in the overall fleet size.
- This indicator reflects the combined output of both BMW and Strategic Projects for the 2019-20 Budget. The 2017-18 Actual and 2018-19 Budget have been recast for comparative purposes.

## Services and Key Efficiency Indicators

### 1. Revenue Assessment and Collection, and Grants and Subsidies Administration

The assessment and collection of a range of statutory-based revenue, including duties, land tax, payroll tax and betting tax and those that are collected on behalf of other agencies (for example, Perth Parking Licence fees on behalf of Transport) or other jurisdictions (for example, collection of a range of taxes for the Commonwealth in the Indian Ocean Territories). State Revenue is also involved in the assessment and payment of a range of grants and subsidies under both statutory and administrative schemes. The major payments relate to the First Home Owner Grant scheme, as well as concessions on water rates, local government rates and the emergency services levy for pensioners and seniors.

	2017-18 Actual	2018-19 Budget	2018-19 Estimated Actual	2019-20 Budget Target	Note
	\$'000	\$'000	\$'000	\$'000	
Total Cost of Service .....	62,285	64,607	64,510	67,793	
Less Income .....	3,032	4,605	4,152	3,866	
Net Cost of Service .....	59,253	60,002	60,358	63,927	
<b>Employees (Full-Time Equivalents) .....</b>	<b>335</b>	<b>338</b>	<b>350</b>	<b>363</b>	
<b>Efficiency Indicators</b>					
Average cost per tax or duty determination .....	\$27.13	\$27.36	\$26.73	\$28.31	
Average cost per grant or subsidy determination .....	\$10.84	\$11.16	\$11.31	\$11.22	

### 2. Development and Management of Common Use Contract Arrangements, State Fleet Leasing and Disposal, and Providing Facilitation Service for Agency Specific Contracts

The Department provides a whole-of-government approach to procurement that efficiently meets the business needs of Government agencies, manages risk and delivers value for money.

	2017-18 Actual	2018-19 Budget	2018-19 Estimated Actual	2019-20 Budget Target	Note
	\$'000	\$'000	\$'000	\$'000	
Total Cost of Service .....	76,082	78,347	81,551	76,906	
Less Income .....	67,259	68,001	62,853	66,996	
Net Cost of Service .....	8,823	10,346	18,698	9,910	1
<b>Employees (Full-Time Equivalents) .....</b>	<b>181</b>	<b>200</b>	<b>207</b>	<b>209</b>	
<b>Efficiency Indicators</b>					
Cost of facilitating the development and management of agency specific contracts as a percentage of the contract award value.....	1.6%	1.4%	1.2%	1.3%	2
Average administrative cost per vehicle for financing and managing the State Fleet service .....	\$112	\$124	\$116	\$120	
Cost of developing and managing whole-of-government common use contract arrangements as a percentage of the total annual value of purchases through the arrangements .....	1.6%	1.7%	1.4%	1.4%	3

### Explanation of Significant Movements

(Notes)

- The Net Cost of Service increase of \$8.4 million from the 2018-19 Budget to the 2018-19 Estimated Actual is primarily due to a reduction in budgeted income for the Government Campus Network (GCN) and ServiceNet, which are scheduled to be decommissioned, offset by the additional budgeted expenditure for GovNext-ICT infrastructure.
- The decrease from the 2018-19 Budget to the 2018-19 Estimated Actual reflects both operational efficiencies together with an increased number and higher value of contracts.
- The reduction in the 2018-19 Estimated Actual compared to the 2018-19 Budget is largely due to the progressive decommissioning of both GCN and ServiceNet services to government as agencies transition to GovNext solutions.

### 3. Corporate Services to Client Agencies

These services include corporate services directly provided by the Department to support the outcomes and activities of Treasury and the Government Employees Superannuation Board.

	2017-18 Actual	2018-19 Budget	2018-19 Estimated Actual	2019-20 Budget Target	Note
Total Cost of Service .....	\$'000 6,569	\$'000 6,220	\$'000 6,041	\$'000 5,855	
Less Income .....	735	452	453	460	
Net Cost of Service .....	5,834	5,768	5,588	5,395	
<b>Employees (Full-Time Equivalents) .....</b>	29	26	28	29	

### 4. Leads the Management of Government Buildings Including Planning, Project Delivery, and Maintenance thereof

Leads the planning, delivery and management of a property portfolio that supports the delivery of government services to the community; including the delivery of new building works, maintenance programs for existing buildings and office accommodation.

	2017-18 Actual	2018-19 Budget	2018-19 Estimated Actual	2019-20 Budget Target	Note
Total Cost of Service .....	\$'000 1,232,898	\$'000 1,281,099	\$'000 1,228,361	\$'000 1,120,418	1
Less Income .....	1,122,084	1,197,527	1,152,423	1,024,397	1
Net Cost of Service .....	110,814	83,572	75,938	96,021	
<b>Employees (Full-Time Equivalents) .....</b>	407	452	432	436	
<b>Efficiency Indicators</b>					
Percentage of new building projects, valued over \$5 million, delivered by the approved timeframes .....	63%	100%	74%	100%	2
Percentage of high priority breakdown repairs completed within agreed timeframes .....	75%	80%	75%	80%	
The cost of managing government buildings including the planning, project delivery, and maintenance thereof, as a percentage of services delivered .....	7.9%	8.9%	7.7%	8.6%	3

### Explanation of Significant Movements

(Notes)

- The implementation of a new accounting standard AASB 16: *Leases*, impacts the recognition of expenses and revenue for government office accommodation leases from 1 July 2019.
- This indicator has been modified and now includes the combined operations of both BMW and Strategic Projects for the 2019-20 Budget. The 2017-18 Actual and 2018-19 Budget have been recast for comparative purposes. The 2018-19 Estimated Actual includes actual or anticipated delays in five projects. These delays have resulted from a number of factors including construction delays.
- This indicator has been modified and now includes the combined operations of both BMW and Strategic Projects for the 2019-20 Budget Target. The 2017-18 Actual and 2018-19 Budget have been recast for comparative purposes. The increase in the 2019-20 Budget Target largely reflects the approval of initiatives outlined in the Spending Changes table to be undertaken by BMW in 2019-20.

## Asset Investment Program

1. The Department's Asset Investment Program (AIP) in 2019-20 is \$138.5 million comprising mainly of:
  - 1.1. lease incentive funded office fit-outs recognises the capital works associated with government accommodation leases funded through lease incentives from the landlord;
  - 1.2. new public sector offices in Fremantle with construction scheduled for completion in 2020;
  - 1.3. activity-based working office fit-outs funded as part of the Government Office Accommodation (GOA) Reform Program;
  - 1.4. implementation of ICT solutions for the GOA Reform Program;
  - 1.5. maintaining effective State Revenue systems under the Digital Transformation project;
  - 1.6. software upgrades to accommodate the sharing of information between State Revenue and Landgate for strata title implementation; and
  - 1.7. the Vehicle Acquisition Program, managed by State Fleet, which facilitates the purchase, servicing and disposal of vehicles for the State Government.

	Estimated Total Cost \$'000	Estimated Expenditure to 30-6-19 \$'000	2018-19 Estimated Expenditure \$'000	2019-20 Budget Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000
<b>WORKS IN PROGRESS</b>							
Accommodation Fit-out Projects							
Lease Incentive Funded - Office Fit-outs .....	112,359	92,259	5,000	5,000	5,100	5,000	5,000
New Public Sector Offices for Fremantle .....	42,609	5,078	5,043	37,531	-	-	-
GOA Reform Program .....	12,249	3,370	2,638	8,879	-	-	-
<b>COMPLETED WORKS</b>							
Accommodation Fit-out Projects							
Decentralisation of Office Accommodation to							
Joondalup .....	19,198	19,198	18,509	-	-	-	-
Master Planning Strategy - GOA .....	223,442	223,442	1,175	-	-	-	-
St Georges Cathedral Heritage Precinct - Office Fit-out .....	37,573	37,573	1,269	-	-	-	-
ICT Replacement - 2018-19 Program .....	100	100	100	-	-	-	-
New Public Sector Offices for Fremantle - Project							
Management .....	467	467	467	-	-	-	-
Procurement Systems Replacement - 2018-19 Program .....	420	420	420	-	-	-	-
ServiceNet Replacement - 2018-19 Program .....	282	282	282	-	-	-	-
Software Development - Revenue Systems							
Consolidation and Enhancement .....	33,792	33,792	8,917	-	-	-	-
Vehicle Acquisitions - 2018-19 Program .....	78,000	78,000	78,000	-	-	-	-
<b>NEW WORKS</b>							
GOA Reform - Provision for Systems .....	5,000	-	-	5,000	-	-	-
ICT Replacement							
2019-20 Program .....	109	-	-	109	-	-	-
2020-21 Program .....	109	-	-	-	109	-	-
2021-22 Program .....	109	-	-	-	-	109	-
2022-23 Program .....	109	-	-	-	-	-	109
Procurement Systems Replacement							
2019-20 Program .....	431	-	-	431	-	-	-
2020-21 Program .....	431	-	-	-	431	-	-
2021-22 Program .....	431	-	-	-	-	431	-
2022-23 Program .....	431	-	-	-	-	-	431

	Estimated Total Cost \$'000	Estimated Expenditure to 30-6-19 \$'000	2018-19 Estimated Expenditure \$'000	2019-20 Budget Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000
<b>ServiceNet Replacement</b>							
2019-20 Program.....	289	-	-	289	-	-	-
2020-21 Program.....	289	-	-	-	289	-	-
2021-22 Program.....	289	-	-	-	-	289	-
2022-23 Program.....	289	-	-	-	-	-	289
<b>Software Development</b>							
Digital Transformation.....	17,026	-	-	3,050	4,635	4,691	4,650
Strata Title Implementation.....	1,215	-	-	1,215	-	-	-
<b>Vehicle Acquisitions</b>							
2019-20 Program.....	77,000	-	-	77,000	-	-	-
2020-21 Program.....	76,000	-	-	-	76,000	-	-
2021-22 Program.....	76,000	-	-	-	-	76,000	-
2022-23 Program.....	76,000	-	-	-	-	-	76,000
<b>Total Cost of Asset Investment Program .....</b>	<b>892,048</b>	<b>493,981</b>	<b>121,820</b>	<b>138,504</b>	<b>86,564</b>	<b>86,520</b>	<b>86,479</b>
<b>Loan and Other Repayments.....</b>			<b>18,955</b>	<b>11,400</b>	<b>6,000</b>	<b>-</b>	<b>-</b>
<b>Total.....</b>	<b>892,048</b>	<b>493,981</b>	<b>140,775</b>	<b>149,904</b>	<b>92,564</b>	<b>86,520</b>	<b>86,479</b>
<b>FUNDED BY</b>							
Capital Appropriation.....			11,820	5,265	4,635	4,691	4,650
Asset Sales .....			51,264	51,464	45,700	43,379	43,379
Drawdowns from the Holding Account .....			779	806	806	829	829
Internal Funds and Balances.....			70,712	81,369	41,423	37,621	37,621
Borrowings .....			6,000	6,000	-	-	-
Funding Included in Department of Treasury Administered Item.....			200	5,000	-	-	-
<b>Total Funding.....</b>			<b>140,775</b>	<b>149,904</b>	<b>92,564</b>	<b>86,520</b>	<b>86,479</b>



## Financial Statements

1. The implementation of new accounting standard AASB 16: *Leases*, significantly impacts the Statement of Financial Position by bringing arrangements previously classified as operating leases on to the balance sheet. On the Income Statement, previous rental expenses for operating leases are removed and replaced with interest expense for the lease obligation and a depreciation cost for the right of use asset. Further information on AASB 16 and other new accounting standards impacting the Budget are detailed in a feature box in Budget Paper No. 3.

### Income Statement

#### *Expenses*

2. The implementation of AASB 16, impacts the recognition of expenses for government office accommodation leases from 1 July 2019.
3. The reduction in supplies and services expenditure from 2020-21 onwards largely reflects the movement in capital works turnover for BMW, in line with the whole-of-government AIP.
4. Increases in both depreciation and amortisation and finance and interest costs between the 2018-19 Estimated Actual and the 2019-20 Budget Target reflect the implementation of AASB 16.

#### *Income*

5. The expenditure in supplies and services is largely recouped from other agencies for works turnover associated with capital works, maintenance and government office accommodation.
6. The reduction in sale of goods and services from 2020-21 onwards mostly reflects projected reductions in other agencies' AIPs.
7. The reduction in other revenue is associated with the de-recognition of expenses for government office accommodation leases in line with AASB 16.

### Statement of Financial Position

8. Movements in non-current assets and non-current liabilities reflects the impacts of AASB 16 on government office accommodation leases from 1 July 2019.

### Statement of Cashflows

9. Movements in supplies and services largely reflect the movements for other agencies' AIPs and AASB 16 from 1 July 2019.
10. The increased activity in financing activities for 2019-20 onwards also reflects the adoption of AASB 16.

**INCOME STATEMENT <sup>(a)</sup>  
(Controlled)**

	2017-18 Actual \$'000	2018-19 Budget \$'000	2018-19 Estimated Actual \$'000	2019-20 Budget Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000
<b>COST OF SERVICES</b>							
<b>Expenses</b>							
Employee benefits <sup>(b)</sup> .....	115,719	116,998	115,156	118,249	117,918	119,182	120,987
Grants and subsidies <sup>(c)</sup> .....	578	2,323	950	2,323	950	-	-
Supplies and services .....	1,101,660	1,177,545	1,132,474	943,071	639,034	559,094	559,138
Accommodation .....	40,899	41,788	40,710	35,981	34,243	31,563	31,901
Depreciation and amortisation .....	66,007	77,583	77,237	85,596	85,940	83,940	83,940
Finance and interest costs .....	7,780	7,490	7,390	76,027	76,055	76,071	76,169
Other expenses .....	45,191	6,546	6,546	9,725	6,685	6,663	6,706
<b>TOTAL COST OF SERVICES</b> .....	<b>1,377,834</b>	<b>1,430,273</b>	<b>1,380,463</b>	<b>1,270,972</b>	<b>960,825</b>	<b>876,513</b>	<b>878,841</b>
<b>Income</b>							
Sale of goods and services .....	856,133	930,844	879,100	884,125	592,741	511,305	512,079
Grants and subsidies .....	7,085	3,595	4,700	4,700	4,700	4,700	4,700
Other revenue .....	329,892	336,146	336,081	206,894	207,355	209,153	209,153
<b>Total Income</b> .....	<b>1,193,110</b>	<b>1,270,585</b>	<b>1,219,881</b>	<b>1,095,719</b>	<b>804,796</b>	<b>725,158</b>	<b>725,932</b>
<b>NET COST OF SERVICES</b> .....	<b>184,724</b>	<b>159,688</b>	<b>160,582</b>	<b>175,253</b>	<b>156,029</b>	<b>151,355</b>	<b>152,909</b>
<b>INCOME FROM STATE GOVERNMENT</b>							
Service appropriations .....	150,900	152,750	154,400	169,892	152,835	151,070	152,634
Resources received free of charge .....	13,513	14,676	14,676	14,676	14,676	14,676	14,676
Royalties for Regions Fund: Regional Community Services Fund .....	106	125	106	106	106	106	106
<b>TOTAL INCOME FROM STATE GOVERNMENT</b> .....	<b>164,519</b>	<b>167,551</b>	<b>169,182</b>	<b>184,674</b>	<b>167,617</b>	<b>165,852</b>	<b>167,416</b>
<b>SURPLUS/(DEFICIENCY) FOR THE PERIOD</b> .....	<b>(20,205)</b>	<b>7,863</b>	<b>8,600</b>	<b>9,421</b>	<b>11,588</b>	<b>14,497</b>	<b>14,507</b>

(a) Full audited financial statements are published in the agency's Annual Report.

(b) The full-time equivalents for 2017-18 Actual, 2018-19 Estimated Actual and 2019-20 Budget Estimate are 952, 1,017 and 1,037 respectively.

(c) Refer to the Details of Controlled Grants and Subsidies table below for further information.

**DETAILS OF CONTROLLED GRANTS AND SUBSIDIES**

	2017-18 Actual \$'000	2018-19 Budget \$'000	2018-19 Estimated Actual \$'000	2019-20 Budget Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000
Capacity Building Grant Programs .....	441	950	950	950	950	-	-
Other Grants and Subsidies .....	137	-	-	-	-	-	-
Resolution of Native Title in the South West of Western Australia .....	-	1,373	-	1,373	-	-	-
<b>TOTAL</b> .....	<b>578</b>	<b>2,323</b>	<b>950</b>	<b>2,323</b>	<b>950</b>	<b>-</b>	<b>-</b>

**STATEMENT OF FINANCIAL POSITION <sup>(a)</sup>**  
**(Controlled)**

	2017-18	2018-19	2018-19	2019-20	2020-21	2021-22	2022-23
	Actual	Budget	Estimated	Budget	Forward	Forward	Forward
	\$'000	\$'000	Actual	Estimate	Estimate	Estimate	Estimate
			\$'000	\$'000	\$'000	\$'000	\$'000
<b>CURRENT ASSETS</b>							
Cash assets.....	75,890	147,072	119,779	157,485	174,999	180,788	186,001
Restricted cash.....	1,001	1,889	832	841	838	262	262
Holding account receivables.....	779	806	806	806	829	829	829
Receivables.....	62,455	49,966	57,628	54,081	54,096	54,096	54,096
Other.....	99,687	124,916	97,665	95,643	93,498	93,498	93,498
<b>Total current assets.....</b>	<b>239,812</b>	<b>324,649</b>	<b>276,710</b>	<b>308,856</b>	<b>324,260</b>	<b>329,473</b>	<b>334,686</b>
<b>NON-CURRENT ASSETS</b>							
Holding account receivables.....	523,084	583,032	583,341	614,889	648,758	682,665	716,572
Property, plant and equipment.....	687,094	722,988	701,649	796,458	765,091	751,105	730,907
Receivables.....	783	3,989	1,555	1,512,328	1,512,328	1,512,328	1,512,328
Intangibles.....	34,463	31,345	34,233	35,407	35,164	34,921	34,678
Restricted cash.....	734	168	619	619	619	619	619
Other.....	4,306	23,493	4,944	18,784	16,603	6,538	4,481
<b>Total non-current assets.....</b>	<b>1,250,464</b>	<b>1,365,015</b>	<b>1,326,341</b>	<b>2,978,485</b>	<b>2,978,563</b>	<b>2,988,176</b>	<b>2,999,585</b>
<b>TOTAL ASSETS.....</b>	<b>1,490,276</b>	<b>1,690,464</b>	<b>1,603,051</b>	<b>3,287,341</b>	<b>3,302,823</b>	<b>3,317,649</b>	<b>3,334,271</b>
<b>CURRENT LIABILITIES</b>							
Employee provisions.....	26,644	29,268	26,676	26,748	26,820	26,820	26,820
Payables.....	112,274	183,169	150,559	157,224	161,525	162,131	162,737
Borrowings and leases.....	23,913	27,567	13,235	9,835	5,835	5,835	5,835
Other.....	39,894	73,132	39,963	39,963	39,963	39,963	39,963
<b>Total current liabilities.....</b>	<b>202,725</b>	<b>313,136</b>	<b>230,433</b>	<b>233,770</b>	<b>234,143</b>	<b>234,749</b>	<b>235,355</b>
<b>NON-CURRENT LIABILITIES</b>							
Employee provisions.....	4,809	4,875	4,851	4,847	4,843	4,839	4,839
Borrowings and leases.....	56,005	50,866	53,728	1,645,057	1,633,556	1,624,046	1,614,526
Other.....	131,791	117,929	169,994	184,905	184,917	184,084	184,084
<b>Total non-current liabilities.....</b>	<b>192,605</b>	<b>173,670</b>	<b>228,573</b>	<b>1,834,809</b>	<b>1,823,316</b>	<b>1,812,969</b>	<b>1,803,449</b>
<b>TOTAL LIABILITIES.....</b>	<b>395,330</b>	<b>486,806</b>	<b>459,006</b>	<b>2,068,579</b>	<b>2,057,459</b>	<b>2,047,718</b>	<b>2,038,804</b>
<b>EQUITY</b>							
Contributed equity.....	1,056,018	1,126,540	1,096,517	1,161,813	1,176,827	1,186,897	1,197,926
Accumulated surplus/(deficit).....	38,928	77,118	47,528	56,949	68,537	83,034	97,541
<b>Total equity.....</b>	<b>1,094,946</b>	<b>1,203,658</b>	<b>1,144,045</b>	<b>1,218,762</b>	<b>1,245,364</b>	<b>1,269,931</b>	<b>1,295,467</b>
<b>TOTAL LIABILITIES AND EQUITY.....</b>	<b>1,490,276</b>	<b>1,690,464</b>	<b>1,603,051</b>	<b>3,287,341</b>	<b>3,302,823</b>	<b>3,317,649</b>	<b>3,334,271</b>

(a) Full audited financial statements are published in the agency's Annual Report.

**STATEMENT OF CASHFLOWS <sup>(a)</sup>**  
**(Controlled)**

	2017-18	2018-19	2018-19	2019-20	2020-21	2021-22	2022-23
	Actual	Budget	Estimated	Budget	Forward	Forward	Forward
	\$'000	\$'000	Actual	Estimate	Estimate	Estimate	Estimate
			\$'000	\$'000	\$'000	\$'000	\$'000
<b>CASHFLOWS FROM STATE GOVERNMENT</b>							
Service appropriations .....	89,857	91,243	93,239	137,538	118,137	116,334	117,898
Capital appropriation .....	14,902	11,820	11,820	5,265	4,635	4,691	4,650
Administered equity contribution .....	200	5,200	200	5,000	-	-	-
Holding account drawdowns .....	1,326	779	877	806	806	829	829
Royalties for Regions Fund:							
Regional Community Services Fund .....	106	125	106	106	106	106	106
Receipts paid into Consolidated Account .....	(421)	-	-	-	-	-	-
<b>Net cash provided by State Government .....</b>	<b>105,970</b>	<b>109,167</b>	<b>106,242</b>	<b>148,715</b>	<b>123,684</b>	<b>121,960</b>	<b>123,483</b>
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>							
<b>Payments</b>							
Employee benefits .....	(118,741)	(116,927)	(115,085)	(118,181)	(117,850)	(119,186)	(120,991)
Grants and subsidies .....	(574)	(2,323)	(950)	(2,323)	(950)	-	-
Supplies and services .....	(1,130,710)	(1,142,684)	(1,097,613)	(938,243)	(634,187)	(554,247)	(554,285)
Accommodation .....	(40,771)	(42,626)	(41,548)	(36,822)	(35,087)	(32,407)	(32,745)
GST payments .....	(140,729)	(148,948)	(148,948)	(136,248)	(133,858)	(133,858)	(133,858)
Finance and interest costs .....	(6,604)	(7,490)	(7,390)	(72,277)	(72,415)	(72,321)	(72,419)
Other payments .....	(7,773)	(7,793)	(7,793)	(10,992)	(7,968)	(24,946)	(24,995)
<b>Receipts <sup>(b)</sup></b>							
Grants and subsidies .....	5,575	3,595	4,700	4,700	4,700	4,700	4,700
Sale of goods and services .....	894,943	930,891	879,147	884,172	592,788	511,352	512,126
GST receipts .....	140,052	149,554	149,554	136,854	134,464	134,464	134,464
Other receipts .....	337,192	342,953	342,888	213,701	214,162	215,960	215,960
<b>Net cash from operating activities .....</b>	<b>(68,140)</b>	<b>(41,798)</b>	<b>(43,038)</b>	<b>(75,659)</b>	<b>(56,201)</b>	<b>(70,489)</b>	<b>(72,043)</b>
<b>CASHFLOWS FROM INVESTING ACTIVITIES</b>							
Purchase of non-current assets .....	(122,972)	(117,521)	(121,820)	(138,504)	(86,564)	(86,520)	(86,479)
Proceeds from sale of non-current assets .....	39,016	51,264	51,264	51,464	45,700	43,379	43,379
Other receipts .....	41,544	19,224	23,137	50,410	5,000	5,000	5,000
<b>Net cash from investing activities .....</b>	<b>(42,412)</b>	<b>(47,033)</b>	<b>(47,419)</b>	<b>(36,630)</b>	<b>(35,864)</b>	<b>(38,141)</b>	<b>(38,100)</b>
<b>CASHFLOWS FROM FINANCING ACTIVITIES</b>							
Repayment of borrowings and leases .....	(23,115)	(18,400)	(18,955)	(140,620)	(135,228)	(129,237)	(129,247)
Other payments .....	-	-	-	(12,948)	(12,948)	(12,948)	(12,948)
Proceeds from borrowings .....	-	6,000	6,000	6,000	-	-	-
Other proceeds .....	500	5,143	40,775	148,857	134,068	134,068	134,068
<b>Net cash from financing activities .....</b>	<b>(22,615)</b>	<b>(7,257)</b>	<b>27,820</b>	<b>1,289</b>	<b>(14,108)</b>	<b>(8,117)</b>	<b>(8,127)</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD .....</b>	<b>(27,197)</b>	<b>13,079</b>	<b>43,605</b>	<b>37,715</b>	<b>17,511</b>	<b>5,213</b>	<b>5,213</b>
Cash assets at the beginning of the reporting period .....	74,187	136,050	77,625	121,230	158,945	176,456	181,669
Net cash transferred to/from other agencies .....	30,635	-	-	-	-	-	-
<b>Cash assets at the end of the reporting period .....</b>	<b>77,625</b>	<b>149,129</b>	<b>121,230</b>	<b>158,945</b>	<b>176,456</b>	<b>181,669</b>	<b>186,882</b>

(a) Full audited financial statements are published in the agency's Annual Report.

(b) A determination by the Treasurer, pursuant to section 23 of the *Financial Management Act 2006*, provides for the retention of some cash receipts by the Department. Refer to the Net Appropriation Determination table below for further information. Other receipts are retained under the authority of other relevant Acts of Parliament.

NET APPROPRIATION DETERMINATION <sup>(a)</sup>

	2017-18	2018-19	2018-19	2019-20	2020-21	2021-22	2022-23
	Actual	Budget	Estimated	Budget	Forward	Forward	Forward
	\$'000	\$'000	Actual	Estimate	Estimate	Estimate	Estimate
			\$'000	\$'000	\$'000	\$'000	\$'000
<b>Grants and Subsidies</b>							
Indian Ocean Territories Commonwealth Grant.....	5,575	3,595	4,700	4,700	4,700	4,700	4,700
<b>Sale of Goods and Services</b>							
Contract Services - BMW .....	882,588	926,994	875,306	880,275	588,891	507,455	508,229
Land Tax Liability Enquiry Fee .....	2,186	2,800	2,744	2,800	2,800	2,800	2,800
Merchant Fees.....	285	1,097	1,097	1,097	1,097	1,097	1,097
ICT Services to Government .....	9,884	-	-	-	-	-	-
<b>GST Receipts</b>							
GST Input Credits.....	7,700	12,374	12,374	12,374	12,374	12,374	12,374
GST Receipts on Sales .....	132,352	137,180	137,180	124,480	122,090	122,090	122,090
<b>Other Receipts</b>							
Corporate Services Cost Recoup .....	698	402	402	402	402	402	402
Finance Lease Receipts - Interest .....	43	-	20	64,874	64,872	64,872	64,872
Government Office Accommodation							
Finance Lease Receipts - Variable							
Outgoings.....	-	-	-	78,753	79,565	80,363	80,363
Government Office Accommodation							
Operating Lease Receipts.....	268,173	272,331	272,271	-	-	-	-
Other Receipts.....	13,293	4,164	4,139	4,116	4,767	4,767	4,767
Procurement Services .....	1,774	12,116	12,116	12,116	12,116	12,116	12,116
Revenues from Executive Vehicle Scheme ...	96	100	100	100	100	100	100
State Fleet Revenue.....	53,115	53,840	53,840	53,340	52,340	53,340	53,340
<b>TOTAL .....</b>	<b>1,377,762</b>	<b>1,426,993</b>	<b>1,376,289</b>	<b>1,239,427</b>	<b>946,114</b>	<b>866,476</b>	<b>867,250</b>

(a) The moneys received and retained are to be applied to the Department's services as specified in the Budget Statements.

## DETAILS OF ADMINISTERED TRANSACTIONS

	2017-18	2018-19	2018-19	2019-20	2020-21	2021-22	2022-23
	Actual	Budget	Estimated	Budget	Forward	Forward	Forward
	\$'000	\$'000	Actual	Estimate	Estimate	Estimate	Estimate
			\$'000	\$'000	\$'000	\$'000	\$'000
<b>INCOME</b>							
<b>Taxation</b>							
Insurance Duty.....	625,564	644,945	646,927	677,174	711,032	746,584	783,914
Land Tax.....	842,502	800,236	799,403	790,145	792,292	805,718	827,683
Metropolitan Region Improvement Tax.....	93,317	84,649	89,948	88,971	88,963	90,298	92,554
Payroll Tax.....	3,284,154	3,454,195	3,563,388	3,751,394	3,975,685	4,206,986	4,488,658
Racing and Wagering Western Australia Tax.....	41,468	64,110	21,580	-	-	-	-
Point of Consumption Tax.....	-	-	31,000	78,400	82,700	87,400	92,200
Transfer Duty.....	1,226,205	1,330,744	1,148,224	1,164,146	1,256,712	1,356,930	1,457,408
Landholder Duty.....	234,496	101,000	60,962	100,000	100,000	100,000	100,000
<i>Total Duty on Transfers.....</i>	<i>1,460,701</i>	<i>1,431,744</i>	<i>1,209,186</i>	<i>1,264,146</i>	<i>1,356,712</i>	<i>1,456,930</i>	<i>1,557,408</i>
Vehicle Licence Duty.....	354,663	360,191	367,922	372,760	378,976	385,621	392,840
Other Duties.....	8	1	1	1	1	1	-
Commonwealth Mirror Taxes.....	40,635	44,364	45,576	47,853	50,571	53,374	56,885
<b>Other Revenue</b>							
Office Lease Rental Revenue.....	41,448	39,700	39,700	39,700	39,700	39,700	39,700
Other Income.....	64,035	64,441	64,489	65,251	66,498	66,577	66,657
<b>Appropriations</b>							
First Home Owner Grant Act 2000.....	91,171	76,200	57,518	55,695	54,995	54,695	54,536
Administered Grants and Transfer Payments.....	160,994	176,426	176,526	188,739	201,748	214,536	228,900
<b>TOTAL ADMINISTERED INCOME.....</b>	<b>7,100,660</b>	<b>7,241,202</b>	<b>7,113,164</b>	<b>7,420,229</b>	<b>7,799,873</b>	<b>8,208,420</b>	<b>8,681,935</b>
<b>EXPENSES</b>							
<b>Grants to Charitable and Other Public Bodies</b>							
Energy Concession Extension Scheme.....	1,464	1,600	1,600	1,700	1,800	1,900	2,000
First Home Owner Scheme.....	91,171	76,200	57,518	55,695	54,995	54,695	54,536
Life Support Equipment Subsidy Scheme...	1,248	1,400	1,400	1,500	1,600	1,700	1,800
Payroll Tax Rebate Schemes.....	-	100	100	100	100	100	100
Pensioner Concessions - Emergency Services Levy.....	19,298	21,500	21,500	23,300	25,200	27,300	29,500
Pensioner Concessions - Local Government Rates.....	96,667	108,204	108,204	116,483	125,341	133,861	144,000
Thermoregulatory Dysfunction Energy Subsidy.....	2,133	2,200	2,300	2,500	2,600	2,700	2,800
<b>Other</b>							
Refund of Past Years Revenue.....	40,184	41,422	41,422	43,156	45,107	46,975	48,700
Doubtful Debts Expense.....	10,493	-	-	-	-	-	-
Other Expenses.....	64,035	64,441	64,489	65,251	66,498	66,577	66,657
Payments to Consolidated Account.....	6,733,154	7,093,527	6,984,023	7,110,544	7,476,632	7,872,612	8,331,842
<b>TOTAL ADMINISTERED EXPENSES.....</b>	<b>7,059,847</b>	<b>7,410,594</b>	<b>7,282,556</b>	<b>7,420,229</b>	<b>7,799,873</b>	<b>8,208,420</b>	<b>8,681,935</b>

# Insurance Commission of Western Australia

## Part 3 Financial Administration

### Asset Investment Program

1. Asset investment expenditure is undertaken to update existing assets and maintain and improve information and communications technology (ICT) systems integral to the efficient operations of the Commission.

	Estimated Total Cost \$'000	Estimated Expenditure to 30-6-19 \$'000	2018-19 Estimated Expenditure \$'000	2019-20 Budget Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000
<b>COMPLETED WORKS</b>							
ICT Hardware - 2018-19 Program .....	1,190	1,190	1,190	-	-	-	-
ICT Software - 2018-19 Program .....	2,895	2,895	2,895	-	-	-	-
Motor Vehicles - 2018-19 Program .....	500	500	500	-	-	-	-
Plant and Equipment - 2018-19 Program .....	220	220	220	-	-	-	-
Telephone and Communication Equipment - 2018-19 Program .....	20	20	20	-	-	-	-
<b>NEW WORKS</b>							
<b>ICT Hardware</b>							
2019-20 Program .....	950	-	-	950	-	-	-
2020-21 Program .....	865	-	-	-	865	-	-
2021-22 Program .....	815	-	-	-	-	815	-
2022-23 Program .....	1,265	-	-	-	-	-	1,265
<b>ICT Software</b>							
2019-20 Program .....	3,490	-	-	3,490	-	-	-
2020-21 Program .....	3,120	-	-	-	3,120	-	-
2021-22 Program .....	3,495	-	-	-	-	3,495	-
2022-23 Program .....	2,920	-	-	-	-	-	2,920
<b>Motor Vehicles</b>							
2019-20 Program .....	800	-	-	800	-	-	-
2020-21 Program .....	800	-	-	-	800	-	-
2021-22 Program .....	800	-	-	-	-	800	-
2022-23 Program .....	800	-	-	-	-	-	800
<b>Plant and Equipment</b>							
2019-20 Program .....	200	-	-	200	-	-	-
2020-21 Program .....	180	-	-	-	180	-	-
2021-22 Program .....	200	-	-	-	-	200	-
2022-23 Program .....	330	-	-	-	-	-	330
<b>Telephone and Communication Equipment</b>							
2019-20 Program .....	20	-	-	20	-	-	-
2020-21 Program .....	20	-	-	-	20	-	-
2021-22 Program .....	20	-	-	-	-	20	-
2022-23 Program .....	20	-	-	-	-	-	20
<b>Total Cost of Asset Investment Program .....</b>	<b>25,935</b>	<b>4,825</b>	<b>4,825</b>	<b>5,460</b>	<b>4,985</b>	<b>5,330</b>	<b>5,335</b>
<b>FUNDED BY</b>							
Internal Funds and Balances .....			4,825	5,460	4,985	5,330	5,335
<b>Total Funding .....</b>			<b>4,825</b>	<b>5,460</b>	<b>4,985</b>	<b>5,330</b>	<b>5,335</b>

# Gold Corporation

## Part 3 Financial Administration

### Asset Investment Program

1. The Corporation will invest \$44.1 million over the forward estimates period to support the delivery of its services and to update its plant, equipment and computer software rolling programs.
2. The \$19 million investment in 2019-20 includes \$10.2 million to upgrade its Enterprise Resource Planning System and its e-Commerce Systems (collectively referred to as the One-Future Program). This project supports the Corporation's ongoing operations and the development of new product offerings.

	Estimated Total Cost \$'000	Estimated Expenditure to 30-6-19 \$'000	2018-19 Estimated Expenditure \$'000	2019-20 Budget Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000
<b>WORKS IN PROGRESS</b>							
Computer Software Replacement Program.....	4,321	3,831	230	85	225	95	85
One-Future Program .....	31,061	20,860	7,812	10,201	-	-	-
Plant and Equipment Replacement Program .....	80,673	47,281	19,200	8,691	8,135	9,066	7,500
<b>Total Cost of Asset Investment Program .....</b>	<b>116,055</b>	<b>71,972</b>	<b>27,242</b>	<b>18,977</b>	<b>8,360</b>	<b>9,161</b>	<b>7,585</b>
<b>FUNDED BY</b>							
Internal Funds and Balances.....			27,242	18,977	8,360	9,161	7,585
<b>Total Funding.....</b>			<b>27,242</b>	<b>18,977</b>	<b>8,360</b>	<b>9,161</b>	<b>7,585</b>